

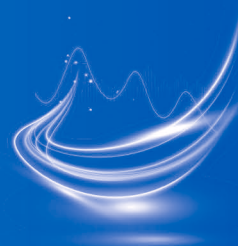
2022

ANNUAL REPORT

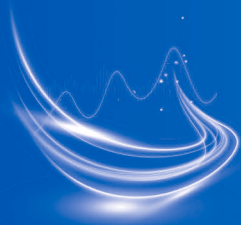


(A joint stock company incorporated in
the People's Republic of China with limited liability)

Stock Code: 06881



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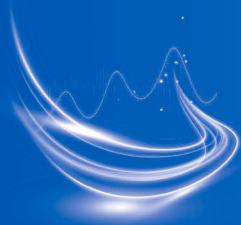


DEFINITIONS

“A Share(s)”	domestic shares in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) listed on the SSE, subscribed for and traded in Renminbi
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“Board” or “Board of Directors”	the board of Directors of the Company
“BSE”	the Beijing Stock Exchange
“CG Code”	Corporate Governance Code set out in Appendix 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 2022
“ETF”	exchange-traded funds
“FICC”	fixed income, foreign currencies and commodities
“FOF”	fund of funds, a fund with funds as investment objectives
“Futures IB Business”	the business activities in which securities firms, as commissioned by futures companies, introduce clients to futures companies to provide futures brokerage and other related services
“Galaxy Capital”	Galaxy Capital Management Company Limited (銀河創新資本管理有限公司), owned as to 100% by the Company, a wholly-owned subsidiary of the Company
“Galaxy Derivatives”	Galaxy Derivatives Financial Service Co., Ltd. (銀河德睿資本管理有限公司), owned as to 100% by Galaxy Futures, an indirectly wholly-owned subsidiary of the Company
“Galaxy Financial Holdings”	China Galaxy Financial Holdings 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 Holdings Company Limited(中國銀河國際控股有限公司), owned as to 100% by the Company, a wholly-owned subsidiary of the Company
“Galaxy Investment”	China Galaxy Investment Management Company Limited (中國銀河投資管理有限公司), owned as to 100% by Galaxy Financial Holdings, a wholly-owned subsidiary of Galaxy Financial Holdings
“Galaxy Jinhui”	Galaxy Jinhui Securities Assets Management Co., Ltd.(銀河金匯證券資產管理有限公司), owned as to 100% by the Company, a wholly-owned subsidiary of the Company
“Galaxy Yuanhui”	Galaxy Yuanhui Investment Co., Ltd.(銀河源匯投資有限公司), owned as to 100% by the Company, a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign shares in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) listed on the Hong Kong Stock Exchange and subscribed for and traded in HK dollars
“HK\$” or “HK dollars” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huijin”	Central Huijin Investment Ltd. (中央滙金投資有限責任公司), which held an equity interest of 69.07% of Galaxy Financial Holdings as at the End of the Reporting Period
“IPO”	Initial Public Offering
“margin and securities refinancing”	a business in which securities firms can act as intermediaries to borrow funds or securities from the China Securities Finance Co., Ltd. and lend such funds and securities to their clients
“market share”	the portion of a market under control



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 2022 to 31 December 2022
“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 16th 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.

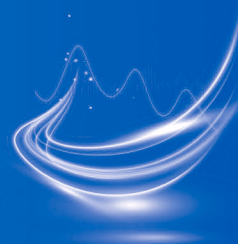
The financial report for 2022 was prepared by the Company according to the International Financial Reporting Standards (“IFRS”) and the PRC Corporate Accounting Standards (“PRC GAAP”), which has been audited by Ernst & Young and Ernst & Young Hua Ming LLP and they have issued a standard auditors’ report with unqualified opinions. Unless otherwise stated, the amounts in this report are presented in RMB.

Mr. Chen Liang, the chairman of the Company, Mr. Wang Sheng, 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.



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 Liang

General manager (president): Wang Sheng

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

Net Capital: RMB79,078,332,752.04

Note: In 2022, the cumulative number of shares converted of the Company's A Shares convertible bonds was 20,919 shares, the share capital of the Company increased to 10,137,279,676 shares. The Company will complete the registration of changes in registered capital in a timely manner in accordance with relevant requirements.

4. Qualification of individual business

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

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

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



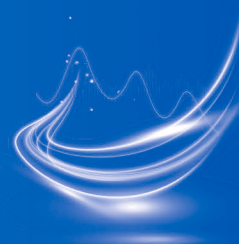
SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

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

5. Headquarters in the PRC

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

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION



6. Principal Place of Business in Hong Kong

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

7. Secretary to the Board

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

8. Company Secretary

Ng Ka Man

9. Authorized Representatives of the Company

Wang Sheng, Ng Ka Man

On 30 September 2022, Mr. Liu Dingping, a non-executive director, has resigned from his position as the authorized representative and all other positions in the Company due to attaining the statutory retirement age. Mr. Wang Sheng, an executive director of the Company, has been appointed as the authorized representative in replacement of Mr. Liu Dingping with effect from the same day.

10. Listing of H Shares: Hong Kong Stock Exchange

Stock Code: 6881 Stock Name: CGS

11. Listing of A Shares: SSE

Stock Code: 601881 Stock Name: CGS

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

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

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

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

13. Website for Disclosure of Information on H Shares

<http://www.hkexnews.hk>

II. HISTORY

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

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

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

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

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

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

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

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

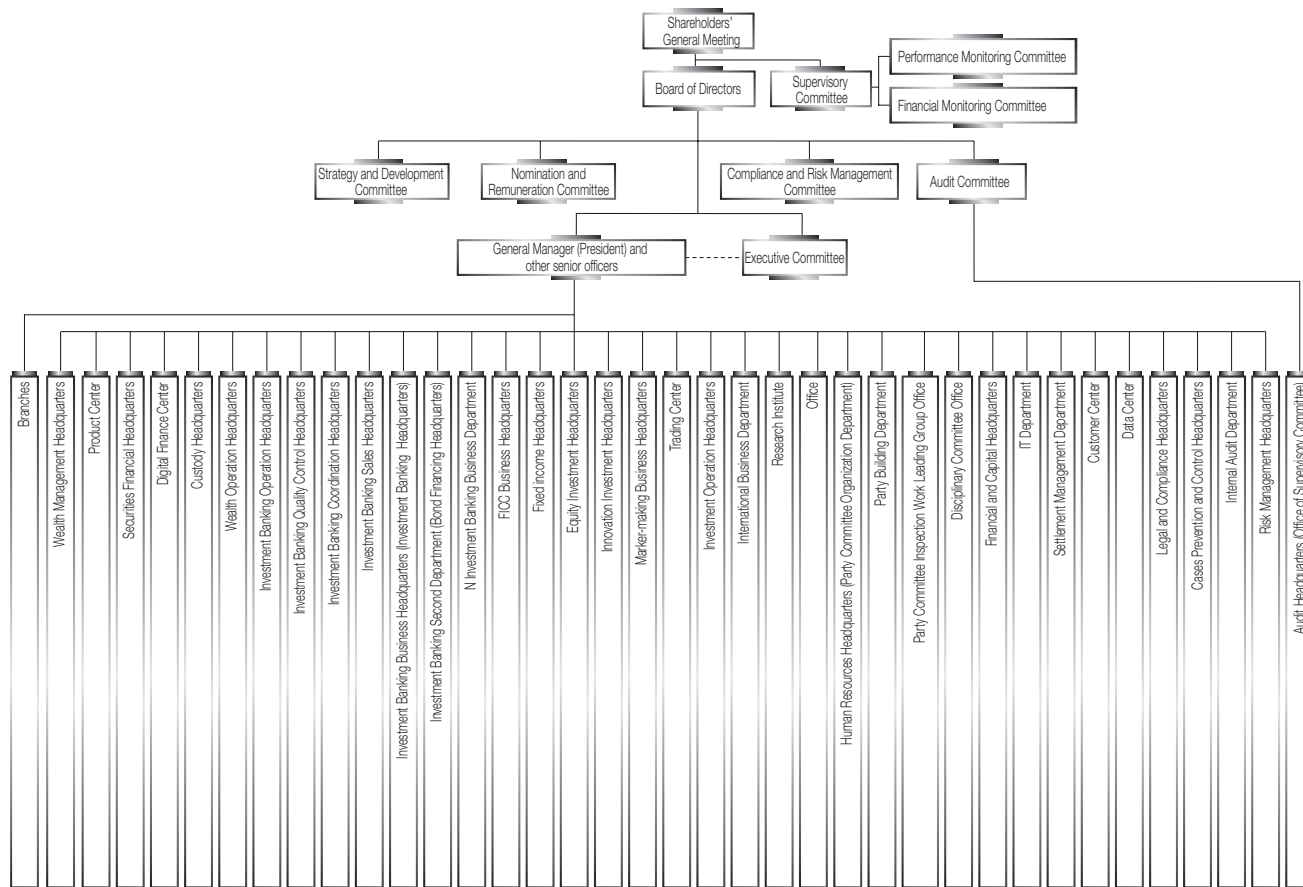


In January 2017, the Company conducted an initial public offering of 600,000,000 A Shares, which became listed on the SSE on 23 January 2017. The Company's registered capital was increased to RMB10,137 million.

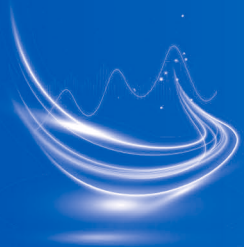
In March 2022, the Company completed the issuance of RMB7.8 billion worth of A-share convertible corporate bonds. The conversion of the A-share convertible bonds commenced on 30 September 2022. As at 31 December 2022, 20,919 shares in aggregate arose from conversion, increasing the share capital of the Company to 10,137,279,676 shares.

III. ORGANIZATIONAL STRUCTURE

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



Note: For the investment banking business, multiple front office departments have been set up based on the needs of different types of products, industries, regions, and teams, and under dynamic management.



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 487 securities branches located in 31 provinces, autonomous regions and municipalities directly under the central government in the PRC. Among these branches, 75 are located in Guangdong Province, 67 in Zhejiang Province, 42 in Beijing, 41 in Shanghai, 31 in Jiangsu Province, 20 in Fujian Province, 19 in Shandong Province, 18 in Shanxi Province, 18 in Liaoning Province, 15 in Hubei Province, 15 in Sichuan Province, 13 in Anhui Province, 12 in Henan Province, 12 in Chongqing, 11 in Hunan Province, 9 in Hebei Province, 8 in Jiangxi Province, 7 in Heilongjiang Province, 6 in Guangxi Zhuang Autonomous Region, 6 in Yunnan Province, 6 in Shaanxi Province, 5 in Inner Mongolia Autonomous Region, 5 in Xinjiang Uygur Autonomous Region, 4 in Tianjin, 4 in Jilin Province, 4 in Gansu Province, 4 in Qinghai Province, 3 in Hainan Province, 3 in Guizhou Province, 3 in Ningxia Hui Autonomous Region and 1 in Tibet Autonomous Region.

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

V. SUBSIDIARIES AND BRANCHES

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

Name	Registered address	Date of incorporation	Registered capital	Legal representative/ Person in charge	Telephone number
Galaxy Futures	Room 31012, Unit 2702, 31/F and Room 33010, Unit 2902, 33/F, Block 8, Jianguomen Outer Street, Chaoyang District, Beijing	25 December 2006	RMB4.5 billion	Yang Qing	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	010-63369697
Galaxy International Holdings	20th Floor, Wing On Centre, 111 Connaught Road Central, Sheung Wan, Hong Kong	9 February 2011	HKD7.0 billion	Chang Yu	(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	Du Pengfei	010-89626608
Galaxy Yuanhui	Room 3104, 31/F, 99 Fucheng Road, China (Shanghai) Pilot Free Trade Zone	10 December 2015	RMB5.0 billion	Wu Lihong	021-60751758

Notes:

- In January 2023, Galaxy Yuanhui completed the industrial and commercial change procedures with its registered capital increasing to RMB5.0 billion.
- In March 2023, the chairman of Galaxy Jinhui was changed into Mr. Du Pengfei.



SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

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

No.	Branches	Address	Name of person in charge	Date of incorporation shown on business license	Telephone number
1	Beijing Branch	Rooms 1502/1503/1504, 15/F, Financial Street International Hotel, No. 11 Financial Street, Xicheng District, Beijing	Zhang Kaihui	26 July 2011	010-89508777
2	Hunan Branch	No. 275, Section 2, Middle Furong Road, Yuhua District, Changsha	Jiang Jianjun	23 August 2011	0731-85536911
3	Shenzhen Branch	20th Floor, Zhongzhou Building, No. 3088 Jintian Road, Futian Street, Futian District, Shenzhen	Zhang Qinghua	21 June 2011	0755-82031998
4	Guangdong Branch	Rooms 2501, 2502 and 2503, 25/F and Rooms 2601 and 2604, 26/F, 988 Guangzhou Avenue Central, Tianhe District, Guangzhou	Shi Nan	22 July 2011	020-83953917
5	Tianjin Branch	Room 1707, 17/F, Luneng International Center, Intersection of Shuishang Park North Road and Shuishang Park East Road, Nankai District, Tianjin	Liu Jing	11 March 2013	022-83830348
6	Henan Branch	No. 202-206, 2/F, Li Feng International Building, No. 6 Shangxian Street, Longzihu, Zhengdong New Area, Zhengzhou, Henan Province	Wang Junzhao	4 March 2013	0371-63969218
7	Qinghai Branch	No. 106-26 Changjiang Road, Chengzhong District, Xining	Feng Qing	11 March 2013	0971-8261669
8	Shanxi Branch	Units 01, 02, 03, 04B, 8/F, Block A, China Overseas International Center, No. 8, Section 1, Jinci Road, Wanbailin District, Taiyuan, Shanxi Province	Wang Fu	14 March 2013	0351-8611197
9	Yunnan Branch	4/F, Xingyao Building, No. 393 Baita Road, Panlong District, Kunming City, Yunnan Province	Wang Anyuan	13 March 2013	0871-63645475
10	Dalian Branch	B, C, D, 5/F, East Tower, No. 620 Huanghe Road, Shahekou District, Dalian, Liaoning Province	Jiang Xuetao	13 March 2013	0411-84313089
11	Jilin Branch	9/F, Building A2, Jishang International Project, Qianjin Street, Chaoyang District, Changchun	Yan Xiaomin	19 March 2013	0431-82707737
12	Inner Mongolia Branch	Shop 101, Block B, Boerdun Plaza, Ulanqab East Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region	Ren Wei	15 March 2013	0471-4955414



SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

No.	Branches	Address	Name of person in charge	Date of incorporation shown on business license	Telephone number
13	Chongqing Branch	3/F, Building B, No. 108 Minzu Road, Yuzhong District, Chongqing	Zhou Ming	18 March 2013	023-88128880
14	Hubei Branch	3/F, Business Conference Center, No. 1 Hongshan Road, Wuchang District, Wuhan, Hubei Province	Zhang Zhiqiang	12 March 2013	027-87841733
15	Hebei Branch	98 Hongqi Street, West Bridge District, Shijiazhuang	Zhao Yongwei	20 March 2013	0311-83998683
16	Heilongjiang Branch	3/F, Commercial Service, Floor 1-4 Blue Waterfront, No. 209 Zhongshan Road, Nangang District, Harbin, Heilongjiang Province	Li Naichen	25 March 2013	0451-53905568
17	Liaoning Branch	Units 1701, 1703-1, 1710, No. 59 Beizhan Road, Shenhe District, Shenyang	Wen Jiuyu	27 March 2013	024-23250200
18	Sichuan Branch	Room 401, 4/F, Block 1, No. 9 Jianshe Road, Chenghua District, Chengdu	Zhang Zhiqiang	21 March 2013	028-84360387
19	Shaanxi Branch	2/F, Commercial Building of China Railway Group, No. 51 East Youyi Road, Beilin District, Xi'an, Shaanxi Province	Huang Yaguang	24 April 2013	029-87809443
20	Gansu Branch	3/F-1, Changye Jinzuo, No. 621 Donggang West Road, Chengguan District, Lanzhou, Gansu Province	Zhao Yan	8 May 2014	0931-8860653
21	Hainan Branch	Nos. 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	0898-68500695
22	Ningxia Branch	No. 126, Jiefang West Street, Xingqing District, Yinchuan	Zhao Zhihao	29 April 2014	0951-5051318
23	Guangxi Branch	3/F, No. 12-2, Yuanhu South Road, Qingxiu District, Nanning	Wei Hanyong	14 May 2014	0771-5876608
24	Xinjiang Branch	No. 90, Jiankang Road, Jiefang North Road, Tianshan District, Urumqi, Xinjiang	Kong Lingguo	15 May 2014	0991-2333505
25	Guizhou Branch	Units 12, 13, 14, 15, 20/F, Building 5, Phase I Business Zone, Guiyang International Finance Center, northwestern corner of Lincheng Road and Changling Road, Guanshan Lake District, Guiyang, Guizhou Province	Shang Chao	22 May 2014	0851-87973558

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION



No.	Branches	Address	Name of person in charge	Date of incorporation shown on business license	Telephone number
26	Tibet Branch	No. 32, 4/F, Building 2, Taihe International Cultural Plaza, No. 7 Jinzhu Middle Road, Chengguan District, Lhasa	Liu Wei	15 May 2014	0891-6344051
27	Shanghai Branch	Room 01, 31/F, 99 Fucheng Road, China (Shanghai) Pilot Free Trade Zone	Jiang Yuesheng	29 July 2011	021-20252657
28	Shandong Branch	No. 175 Xinanhe Road, Zhifu District, Yantai	Zhang Huasheng	29 March 2013	0535-6626317
29	Qingdao Branch	No. 100E, Nanjing Road, Shinan District, Qingdao, Shandong Province	Cui Ning	15 April 2013	0532-82962152
30	Jiangsu Branch	Room 1701-1, No. 179 Yanshan Road, Jianye District, Nanjing	Wang Desheng	13 March 2013	025-84265536
31	Anhui Branch	Office 3801, 3802, Block C, Landmark Plaza, No. 288, Huaining Road, Shushan District, Hefei	Chen Xiaoqi	22 March 2013	0551-62619935
32	Jiangxi Branch	Room 401-410, 4/F, Jiangxi Daily News Building, No. 190 Yangming Road, Donghu District, Nanchang, Jiangxi Province	Jin Zicheng	2 April 2013	0791-86283972
33	Zhejiang Branch	28/F, Building 3, Fanhai International Center, Jianggan District, Hangzhou, Zhejiang Province	Song Xiaojun	15 July 2011	0571-87043507
34	Ningbo Branch	32-1, No. 30 Anbo Road and No. 8 Jianning Street, Yinzhou District, Ningbo, Zhejiang Province	Zhou Hongliang	12 March 2013	0574-87681169
35	Fujian Branch	Shop 01, 2/F, 1# Building, Fuzhou Jiyou Plaza, No. 39 Fuma Road, Shuibu Street, Gulou District, Fuzhou	Huang Feilong	2 April 2013	0591-83350449
36	Xiamen Branch	Unit D, 15/F, Block A, Portman Fortune Center, No. 81, Zhanhong Road, Siming District, Xiamen	Zeng Wenqing	21 March 2013	0592-2227159
37	Zhongshan Branch ^(Note)	No. 52, Sunwen East Road, Shiqi District, Zhongshan City, Guangdong Province	Wei Dan	16 August 2021	0760-88309888

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



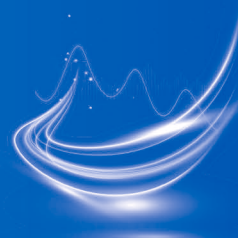
SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION

VI. OTHER RELATED INFORMATION

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

Note: The Company issued A-share convertible corporate bonds ("China Galaxy Convertible Bonds") via public offering during the Reporting Period. As sponsors that conduct ongoing supervision, Zheshang Securities Co., Ltd. and CSC Financial Co., Ltd. will perform the obligation of ongoing supervision from 10 May 2022 to 31 December 2023. By then, if China Galaxy Convertible Bonds have not been fully converted to shares, sponsors will continuously conduct ongoing supervision over the conversion of China Galaxy Convertible Bonds.

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION



VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

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

Profit (RMB'000)

Item	2022	2021	2022	2020	2019	2018
			(compared with 2021) increase/ decrease			
Revenue and other income	43,781,051	45,277,062	-3.30%	31,267,233	23,493,492	16,234,970
Total expenses	35,811,056	32,532,645	10.08%	22,171,139	16,674,249	12,550,299
Profit before income tax	7,970,867	12,791,012	-37.68%	9,156,733	6,830,129	3,682,094
Profit for the year – attributable to owners of the Company	7,760,544	10,430,238	-25.60%	7,243,654	5,228,429	2,887,127

Assets (RMB'000)

Item	2022/12/31	2021/12/31	2022/12/31	2020/12/31	2019/12/31	2018/12/31
			(compared with 2021/12/31) increase/ decrease			
Total assets	625,215,724	560,135,033	11.62%	445,730,215	315,665,878	251,363,291
Total liabilities	522,602,826	461,156,982	13.32%	363,722,157	243,744,179	185,025,430
Accounts payable to brokerage clients	129,645,925	128,400,821	0.97%	97,670,919	80,508,860	56,695,274
Equity attributable to owners of the Company	102,589,713	98,955,798	3.67%	81,254,531	70,895,595	65,982,088
Total share capital	10,137,280	10,137,259	0.00%	10,137,259	10,137,259	10,137,259

Key Financial Indicators

Item	2022	2021	2020	2019	2018
Basic earnings per share (RMB)	0.70	0.97	0.71	0.52	0.28
Diluted earnings per share (RMB)	0.67	0.97	0.71	0.52	0.28
Weighted average return on net assets	8.21%	12.29%	9.84%	7.64%	4.40%
Gearing ratio ^{Note 1}	79.29%	77.07%	76.44%	69.42%	65.92%

Note:

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)



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 2022 and 2021 as well as the net assets as of 31 December 2022 and 31 December 2021 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	2022	2021
Net Capital (RMB)	79,078,332,752.04	79,650,478,914.72
Net Assets (RMB)	99,243,108,343.88	96,220,995,859.41
Sum of Capital Provisions for Risks (RMB)	30,133,369,003.13	36,365,905,717.09
Total On-/Off-Balance Sheet Assets (RMB)	500,083,516,591.63	416,988,488,836.75
Risk Coverage ^{Note 1}	262.43%	219.03%
Capital Leverage ^{Note 2}	12.42%	15.75%
Liquidity Coverage ^{Note 3}	354.93%	278.65%
Net Stable Funding Ratio ^{Note 4}	129.89%	138.29%
Net Capital/Net Assets	79.68%	82.78%
Net Capital/Liabilities	22.14%	26.68%
Net Assets/Liabilities	27.79%	32.23%
Proprietary Equity Securities and Derivatives/Net Capital	36.69%	16.45%
Proprietary Non-equity Securities and Derivatives/Net Capital	347.37%	269.17%

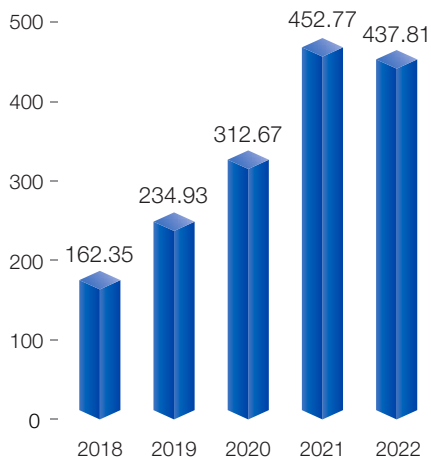
Notes:

1. Risk Coverage = net capital/sum of capital provisions for risks × 100%
2. Capital Leverage = core net capital/total on-/off-balance sheet assets × 100% · where the core net assets include risk adjustment for contingent liabilities such as guarantees.
3. Liquidity Coverage = quality current assets/net cash outflow in the coming 30 days × 100%
4. Net Stable Funding Ratio = available stable fund/required stable fund × 100%

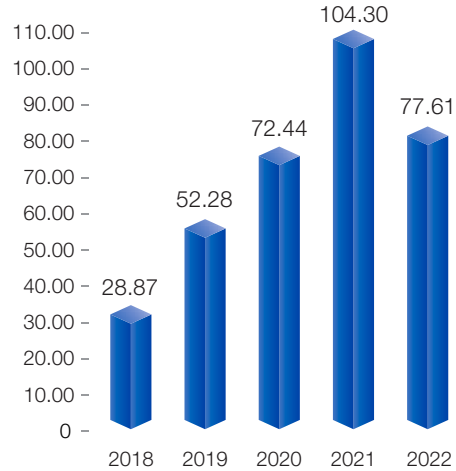
SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INFORMATION



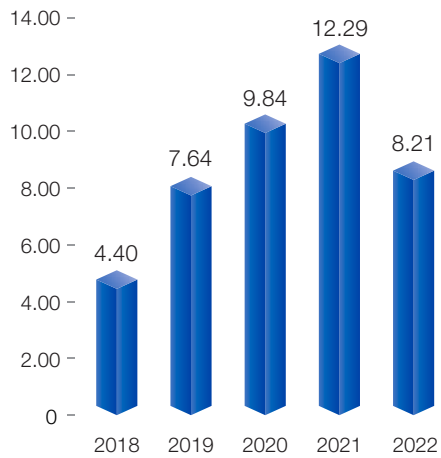
**Revenue and other income
(RMB in 100 million)**



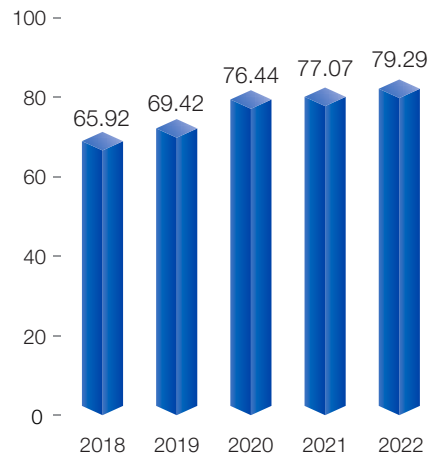
**Profit for the year - attributable
to owners of the Company
(RMB in 100 million)**



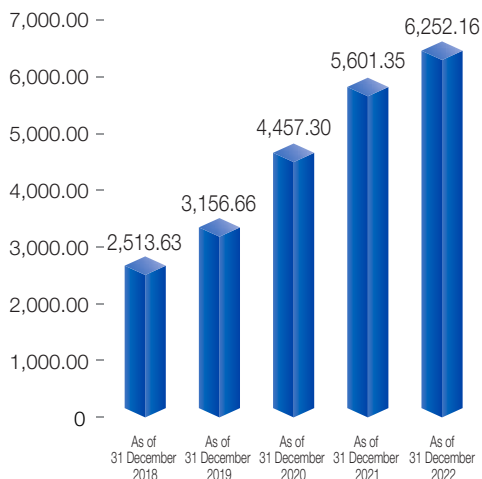
**Weighted average return on net
assets (%)**



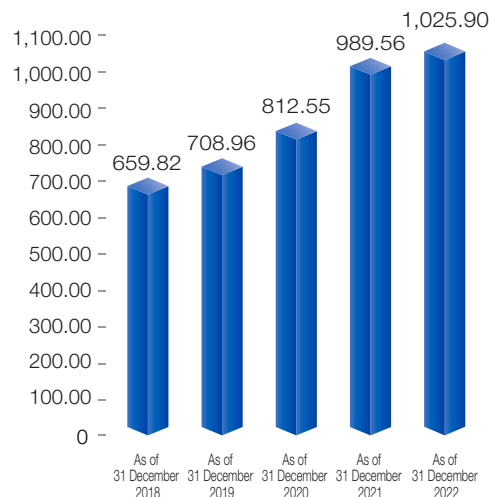
**Gearing ratio
(%)**

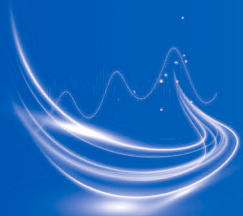


**Total assets
(RMB in 100 million)**



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





SECTION III COMPANY BUSINESS OVERVIEW

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

(i) Primary Business Types of the Group

Guided by market orientation and internationalisation, the Group is committed to becoming an integrated and versatile investment bank and growing into a leading Chinese brokerage firm and a world-class investment bank. The year 2022 marks the expiration of the 2018-2022 strategic plan. On the basis of comprehensive review and summary, the Company formulated the 2023-2025 strategic development plan, which was pre-approved by the Strategy and Development Committee of the Board on 17 February 2023 and is subject to formal approval by the Board. According to the needs of business development, the Company's original "dual-wheel drive, collaborative development" business model has been upgraded into a "five-in-one" business model. That is to say, the Group has created a "five-in-one" business model vertically to provide integrated financial services, including wealth management business, investment banking business, institutional business, international business, investment trading business and parent-subsidiary integration business.

Wealth Management

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

Investment Banking

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

Institutional Business

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

International Business

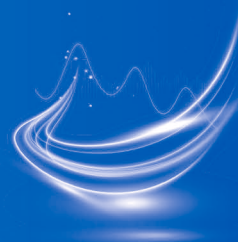
It primarily provides brokerage and sales, investment banking, research and asset management services to global institutional clients, corporate clients and retail clients through Galaxy International Holdings, CGS-CIMB and other business platforms.

Investment Trading

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

Parent-subsidiary Integration Business

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



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

Impacted by the tight monetary policies of major developed countries and the economic weakness of emerging markets, the global GDP growth fell significantly and capital markets saw ups and downs in 2022. Facing the grim and complicated domestic and international situations and multiple unexpected factors, China continuously stepped up financial support to the real economy through the capital market, gradually improved the diversified financing support mechanism, pushed ahead with the deepening stock market reforms led by the reform of the registration system, strengthened the foundation for the full implementation of the registration system, and introduced the market maker mechanism that expanded market-making stocks in an orderly manner and increased trading activity significantly. China's bond market performed steadily, Treasury bond yields were mixed, and the ChinaBond New Composite Index-Total Value-Total Return rose slightly. China pushed forward with the high-level opening-up of the capital market in a steady and orderly manner and further diversified the structure of investors.

The number of A-share listed companies topped 5,000 as at the end of 2022. Boosted by the reform of the registration system, the IPO fundraising in the A-share market amounted to RMB586.993 billion in 2022, hitting a record high. After rises in the previous three consecutive years, the A-share market entered a correction in 2022, with major indexes falling back. The Shanghai Composite Index, SZSE Component Index and Growth Enterprise Index dropped by 15.13%, 25.85% and 29.37%, respectively. The turnover of equity funds on Shanghai and Shenzhen stock exchanges (excluding Shanghai Stock Connect, Shenzhen Stock Connect and exchange-traded money market funds) amounted to approximately RMB227.82 trillion in 2022, a year-on-year drop of 9.97%. Operating revenue and net profit of the securities industry slumped by 21% and 25% year on year to RMB394.97 billion and RMB142.30 billion respectively, according to the unaudited financial data of brokerage firms released by the Securities Association of China. As at the end of 2022, brokerage firms posted total assets of RMB11.0613 trillion, net assets of RMB2.7876 trillion and net capital of RMB2.0911 trillion, a year-on-year increase of 4.8%, 9.2% and 5.4% respectively.

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

As at 31 December 2022, the Group had total assets of RMB625.216 billion, an increase of 11.62% from the end of 2021, including cash and bank and balances of RMB115.995 billion, an increase of 1.81% from the end of 2021, which was mainly due to the increase in deposits in own funds; clearing settlement fund of RMB39.811 billion, an increase of 23.28% from the end of 2021, which was mainly due to the increase in clients' clearing settlement funds; advances to clients of RMB84.329 billion, a decrease of 14.12% from the end of 2021, which was mainly due to the reducing size of financing business; derivative financial assets of RMB2.631 billion, an increase of 35.18% from the end of 2021, which was mainly due to the expansion in the size of over-the-counter derivatives business and the price fluctuation; refundable deposits of RMB16.070 billion, an increase of 37.16% from the end of 2021, which was mainly due to a growth in performance security deposit and transaction deposit; financial assets held under resale agreements of RMB20.293 billion, a decrease of 7.65% from the end of 2021, which was primarily due to the decrease in the scale of bond pledged repurchase and stock pledge repurchase; financial assets held for trading of RMB171.923 billion, an increase of 26.75% from the end of 2021, which was mainly attributable to the increase in investments in bonds and funds; debt investments of RMB2.708 billion, a decrease of 48.61% from the end of 2021, which was mainly due to the decrease in bond investment; other debt investments of RMB109.325 billion, an increase of 34.58% from the end of 2021, which was mainly due to the increase in investments in bonds; investment in other equity instruments of RMB38.395 billion, an increase of 10.70% from the end of 2021, which was mainly due to an increase in investments in equity instruments; long-term equity investment of RMB62 million, an increase of 104.20% from the end of 2021, which was mainly due to the rise in the investment in joint ventures; fixed assets of RMB579 million, an increase of 30.82% from the end of 2021, which was mainly due to the increase in fixed assets such as electronic and communication devices; deferred tax assets of RMB388 million, an increase of 130.38% from the end of 2021, which was mainly due to the changes in fair value of financial instruments, impairment provisions, accrued unpaid compensation and interest expense. The Group's assets were highly liquid with reasonable structure. In addition, according to its accounting policy, the Group made provision for corresponding impairment of financial instruments and recognized loss allowances based on expected credit losses, and its asset quality was good.

Among them: overseas assets amounted to RMB32.924 billion, accounting for 5.27% of the total assets.



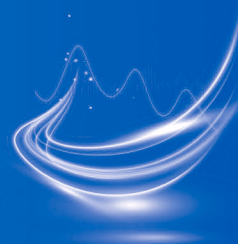
SECTION III COMPANY BUSINESS OVERVIEW

III. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

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

- (i) The Company has always adhered to and achieved sustainable and sound operation and continuously optimized the business model and management mechanism, gradually improved the professional tools for internal control management, established a robust comprehensive risk management system, and properly handled the relationship between business development and compliance risk control, and compliance and business innovation, which has laid a strong foundation for the Company to grasp the opportunities arising from pilot programmes for innovation, respond to the complex fluctuations in the capital market and cope with the increasingly fierce industry competition.
- (ii) The Company's core businesses such as wealth management have long stayed at the top of the industry. It actively serves the real economy, helps the capital market to establish an endogenous stability mechanism, and actively integrates into the "dual circulation" pattern. The Company ranked 5th in terms of net revenue from agency trading business in 2022, came in 6th in clients' transaction settlement funds and earned 4th place in interest income from financing business, according to the statistics of the Securities Association of China.
- (iii) The Company has good brand reputation. The Company was a wholly state-owned securities company with the largest registered capital in China at the time of its establishment, with its H Shares and A Shares listed in 2013 and 2017, respectively, and enjoyed a high recognition and reputation in China's capital market.
- (iv) The Company has further increased its presence in the domestic and international market and built a strong channel network with reasonable strategic coverage. As at the end of 2022, the Company had 37 branch offices and 487 securities branches in 31 provinces, autonomous regions and municipalities directly under the central government in the PRC, allowing it to conveniently satisfy the needs of all kinds of clients for integrated financial services. Through the merger and acquisition with CIMB, the Company expanded its international business network from Hong Kong to Singapore, Malaysia, Indonesia, Thailand, South Korea and the United Kingdom, etc., marking its all-round entry in Southeast Asia and making it a Chinese brokerage with the most extensive network in Asia.
- (v) The Company has rich client resources. As at the end of 2022, the Company served more than 14.23 million clients, with RMB3.9 trillion of securities under custody, and had RMB79.778 billion in clients' deposit margin accounts. Benefitted from its sound client base, the Company has significant potential for synergistic sales growth among its business lines.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION



I. MANAGEMENT DISCUSSION AND ANALYSIS

(i) Overall Business Situation

In the face of the complex and grim international situation and a volatile market environment, the Company, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully and thoroughly studied and implemented the spirit of the 20th National Congress of the CPC in 2022. Under the firm leadership of the Party Committee of the Company and the unremitting efforts of all cadres and staff, the Company firmly prioritised high-quality development by strengthening the foundation, giving play to advantages, making up for deficiencies and improving its weaknesses, and promoted the efficient and stable progress of all work in an orderly manner with strong strategic willpower. It deepened the transformation of wealth management, striving to become a flat, agile, innovative, professional and collaborative “advanced organisation”. The Company steadily carried out the reform of professionalising the investment banking business, optimised and adjusted the organisational structure and staffing, and constantly improved the professional ability and level. With effective response to market fluctuations in investment business, it optimised asset allocation in time and diversified risks through multi-strategy investment. Efforts were stepped up to integrate domestic and overseas businesses and fully utilise the markets and client resources at home and abroad to establish an international business service system and consolidate the foundation of cross-border business. The Company promoted the high-quality development of branches and subsidiaries, and pushed forward with the capital replenishment for subsidiaries in an orderly manner. It comprehensively strengthened risk management and improved systems and mechanisms. The Company enhanced its fintech service ability, corporate governance level and financial management level to cement the foundation of operation and management in an all-round way, and increase the supporting capacity. In 2022, the Company saw stable operating results and strengthened its industry position, achieved consolidated revenue and other income of the Group of RMB43.781 billion and net profit of RMB7.761 billion in 2022. As of the end of 2022, its total assets amounted to RMB625.216 billion and net assets were RMB102.613 billion. The Company saw steady increase in total assets and net assets, laying a good foundation for its new strategic objective of building itself into a world-class modern investment bank.

(ii) Analysis of Principal Businesses of the Company

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

1. *Wealth Management*

(1) *Retail brokerage and wealth management*

Due to the complex and grim situation at home and abroad, the A-share market was on a downward trend, and trading activity declined. According to the Shanghai and Shenzhen stock exchanges, the trading volume on the two stock exchanges (excluding Shanghai Stock Connect, Shenzhen Stock Connect and exchange-traded money market funds) amounted to approximately RMB227.82 trillion in 2022, with an average daily volume of RMB0.94 trillion, a decrease of 9.97% from 2021.



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

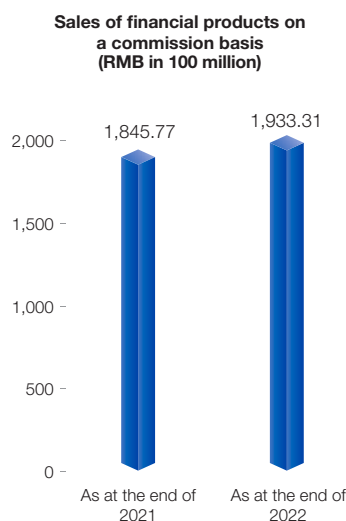
In 2022, the Company kept optimising the organisational structure of client-centric retail brokerage and wealth management, improving the business standardisation level, and enhancing the ability to acquire clients through multiple channels to consolidate the client base and steadily increase the client size. In the meantime, the Company, which implemented the concept of ‘technology empowers finance’, optimised the flat, agile, professional, and intelligent ecological service system, established and improved client classification labels and gradually expanded the label management function, and strengthened the investment advisory team’s awareness in client classification and service stratification, aiming to provide good client experience and create high service value, and consolidate its brokerage business’ leading position in the industry. According to statistics about parent companies by the Securities Association of China, the Company’s net income from agency trading of securities in 2022 accounted for 4.62% of the total, ranking 5th among industry players. It had a total of 14 million clients as at the end of 2022 and acquired 1,108,400 new clients in 2022, accounting for 7.48% of the total sector and hitting a seven-year high. The number of qualified investors established by the Company came 3rd in the industry on the BSE. The Company had a custody of clients’ securities at the market value of RMB3.90 trillion as at the end of 2022. The number of investment advisors amounted to 3,588, representing an increase of 258 or 7.75% from the end of 2021. It served 251,900 clients, representing an increase of 30,900 or 13.98% from the end of 2021. The Company’s high-net-worth clients had net assets of RMB55.8 billion.

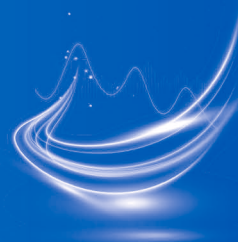
	As at the end of 2022	As at the end of 2021
Investment advisors	3,588	3,330
Clients served	251,900	221,000

(2) Financial product sales

As at the end of 2022, the total value of funds in China was RMB25.750168 trillion, representing an increase of 1.15% from RMB25.452768 trillion as at the end of 2021, according to the statistics of WIND.

The Company constantly enhanced the diversification of allocation, trading and sales services for financial products, and improved the client service system via the “professional” + “accompanying” + “agile” mode to meet clients’ multi-level financial needs, which propelled the high-quality development of wealth management business. The Company is among the first group of licensed players to sell private pension funds, which has effectively expanded the wealth management service. Its sales of financial products stood at RMB92.545 billion in 2022. The Company saw three consecutive years of growth in the sales of financial products on a commission basis. The sales rose by 4.74 percent year on year to RMB193.331 billion as at the end of 2022.





(3) Credit business

According to the statistics of Shanghai and Shenzhen stock exchanges, the balance of margin trading accounts in the market was RMB1.5404 trillion as at the end of 2022, representing a decrease of 15.93 percent from the end of 2021. The balance of margin financing stood at RMB1.4445 trillion, while that of securities lending was RMB95.9 billion, representing a year-on-year decline of 15.63% and 20.19% respectively.

In 2022, with regard to credit business, the Company actively implemented the major strategy of “Three New Developments and One High”, focused on serving small, medium and micro enterprises, and the strategies of industrial optimisation and upgrade and self-improvement in science and technology, and fully utilised credit instruments to serve the real economy, as moves to promote inclusive finance and common prosperity. Insisting on becoming client-centric, the Company strengthened the application of fintech, and constantly enriched and innovated the business service model to continuously provide differentiated and precise services and products for individuals, enterprises, institutions and other types of customers. Active efforts were made to increase the channels of sources of securities with a focus on seeking professional investors and institutional clients to continuously optimise client structure. A sound risk prevention and control system was established to improve risk management and prevention capabilities. The Company continuously tracked market trend, expanded business presence and innovated the business model, and actively boosted the growth of new businesses, such as exercise of share options. It built a competitive “credit + X” business cluster to provide diverse integrated financial services to listed companies and their shareholders as well as professional investment institutions of various types. The balance of the Company’s margin trading amounted to RMB79.3 billion as at the end of 2022, representing a market share of 5.15%, increasing by 0.03% from the end of 2021, outperforming the overall market level. The average maintenance margin for margin trading was 256 percent. The outstanding balance of its stock pledge business was RMB18.3 billion, with a performance security of 282 percent. Risks were generally under control.



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

2. Investment Banking

The all-round reform of capital market advanced smoothly in 2022, and the reform of the registration system was carried out steadily on the Science and Technology Innovation Board (STAR Market), the Growth Enterprise Market and the BSE. Basic systems of the capital market were continually improved. WIND data showed that equity financing in China amounted to RMB1.688361 trillion, representing a year-on-year decrease of 7.14%. The proceeds from IPOs stood at RMB586.886 billion, representing a year-on-year rise of 8.15 percent. Bond issuances in China totaled RMB61.54 trillion, representing a year-on-year decrease of 0.35%. The onshore bond market was valued at RMB141.37 trillion as at the end of 2022, representing an increase of RMB11.03 trillion from the end 2021.

In 2022, the Company optimised and adjusted the organisational structure and staffing of investment banking business, improved the working mechanism of client financing collaborative services, and provided full-life-cycle financing services for various types of corporate clients. Specifically, (1) it deepened its presence in key regions for equity financing business and placed focus on key industries, with steady growth in project reserves and significant increase in IPO underwriting. The Company completed five IPO projects, five refinancing projects (including financing with convertible bonds), six NEEQ projects and four M&A and reorganisation projects. The Company's equity underwriting was RMB10.921 billion, ranking 21st among peers. With outstanding performance, its equity underwriting on the Beijing Stock Exchange amounted to RMB1.232 billion in 2022, ranking the third in the industry; (2) it actively implemented the national strategies to develop its bond financing business, upheld the principle of collaboration and sought opportunities from bonds issued by financial institutions and local governments. It underwrote 890 bonds in a total amount of RMB252.53 billion, representing an increase of 10.95 percent from a year earlier, coming in 12th among peers. The Company showed upward development momentum in financial bonds and local government bonds. It underwrote financial bonds in an amount of RMB70.155 billion, ranking 11th. Its underwritten amount of local government bonds was RMB134.811 billion, ranking the 7th in the industry.

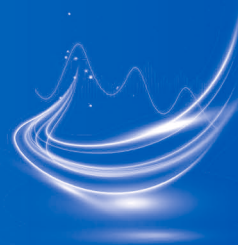
The Company won many awards and honours, including one of the 2022 Top 5 Novel Investment Banks of Yicai.com, one of the Best Investment Banks, the Rapid Progress Award for IPO Underwriting in A-share Market, one of the Best Equity Underwriters on the Beijing Stock Exchange and one of the Best Underwriters of Financial Bonds of 2022 by WIND, and an Industry Leading Intermediary during the selection of 7th CNABS Golden Laurel Award for Asset Securitisation.

Data about investment banking business in 2022

Item	2022		2021	
	Number of underwriting as the lead underwriter	Value of underwriting as the lead underwriter (RMB in 100 million)	Number of underwriting as the lead underwriter	Value of underwriting as the lead underwriter (RMB in 100 million)
IPO	5	36.40	5	6.84
Refinancing	5	72.81	11	141.68
Enterprise bonds	1	17.73	5	26.87
Corporate bonds	70	220.92	71	326.45
Financial bonds	87	701.55	81	946.18
Local government bonds	607	1,348.11	293	463.28
Other bonds	125	236.99	130	513.24
Total	900	2,634.51	596	2,424.54

Data source: WIND

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION



3. Institutional Business

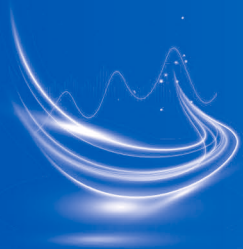
The number of institutional investors in the market was 504,500 as at the end of 2022, representing an increase of 7.48 percent year on year, according to data from the China Securities Depository and Clearing Company Limited. The assets under management of publicly/privately offered funds bucked the trend for growth. As at the end of 2022, the assets under management of publicly offered funds totaled RMB26.03 trillion, while the figure for privately offered funds was RMB20.03 trillion, representing a year-on-year increase of 1.83 percent and 1.37 percent respectively. Institutional investors saw increasingly growing investment capabilities and improved influence.

In 2022, the Company innovated the collaborative service model for institutional clients, in a bid to cater to the integrated financial needs of institutional clients. Relying on the two business platforms of “investment research trading service platform for institutions” and “integrated financial service platform for enterprises”, the Company closely focused on investment research and trading, share repurchase, equity incentive, employee stock ownership plan and share increase and decrease, etc. to enhance the integrated financial service capability for different types of institutional clients at home and abroad. Based on Qiming iTrade algorithm centre platform, it offered multiple execution algorithms for privately offered funds and institutional clients to meet the trading needs of different types of institutional clients, and forged partnerships in brokerage business with a number of wealth management subsidiaries, trust companies and asset management companies. Actions were taken to explore new business models of cooperation on market-making business, ETF interconnection and so forth to meet the integrated needs of publicly offered funds, and to deepen cooperation with peers on family office services. The Company saw a steady growth in the number of institutional clients and coverage rate. The number of its institutional clients rose by 5.62 percent year on year to 28,600 as at the end of 2022. The Company’s PB (prime broker) business provided market-leading trading environment and optimised quantitative trading platform for institutional clients, and the client clustering effect was continuously enhanced. The turnover on the PB trading system amounted to RMB2.82 trillion in 2022, representing a year-on-year growth of 6.51 percent.

Efforts were stepped up to build a research team to support the development of the institutional business. In 2022, the Company published 2,413 research reports and organised 9,117 effective research service activities for key institutional clients, including 3,803 roadshows (including online and offline roadshows, reverse roadshows for experts, reverse roadshows for listed companies, commissioned topics and exchanges) and 5,314 other research service activities (including online and offline surveys on listed companies, special teleconferences and strategic teleconferences). The Company continued to enhance its comprehensive capabilities in serving public/private equity funds. As at the end of 2022, the Company possessed 1,783 online fund products, representing an increase of 23.05% from the end of 2021. The total scale of online fund service products was RMB178.956 billion, representing an increase of 56.84% from the end of 2021.

Item	2022		2021	
	Number of products (Unit)	Product scale (RMB in 100 million)	Number of products (Unit)	Product scale (RMB in 100 million)
Fund services	1,783	1,789.56	1,449	1,141

The Company strengthened client service and operation management for the custody outsourcing business, sending up its business size. It added 126 first-time cooperative managers for its custody business in 2022. It had 1,890 products under custody as at the end of 2022, representing a rise of 14.48 percent from the end of 2021. A total of 1,783 products were outsourced (fund services), up by 23.05 percent from the end of 2021. The products outsourced were valued at RMB268.505 billion, representing a year-on-year surge of 32.77 percent. The Company ranked 7th in terms of publicly offered products under custody.



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

4. *International Business*

In 2022, Hong Kong's stock market entered a correction, while the stock market of the four core Southeast Asian countries fluctuated. The average daily turnover in Hong Kong and the four Southeast Asian countries fell sharply, with Hong Kong average daily turnover decreasing by 27 percent year on year to HK\$124.6 billion. Fundraising in Hong Kong's capital market was weak, recording a total of HK\$251.9 billion, representing a decrease of 67 percent from 2021. There were 90 new IPOs in the city, representing a year-on-year drop of 8 percent.

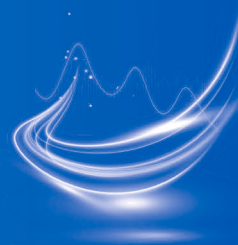
Galaxy International Holdings made full use of markets and client resources at home and abroad to improve the international business service system, strengthening the foundation of cross-border business and continuously optimising the revenue structure. Galaxy International Holdings saw sound development in its securities brokerage business and increase in investment banking business. It completed 15 equity underwriting projects and 91 bond underwriting projects. Breakthroughs were made in foreign government bonds, global depository receipts (GDRs) issued in Europe, green bonds and euro bonds. The offshore RMB bonds underwritten were valued at over RMB10 billion, significantly increasing its market influence. Galaxy International Holdings was honoured as one of the best performers in investment banking at 2022 Golden Central Awards and one of the outstanding underwriters in urban investment in the Chinese offshore bond market. As far as asset management business is concerned, it has gradually improved the product and marketing system. It launched the world's first Asia Pacific low carbon ETF in Singapore, becoming the first interoperability product following the connectivity between China and Singapore. The merger and acquisition between Galaxy International Holdings and CIMB proceeded in an orderly manner. While increasing the equity holding in CGS-CIMB Securities International Pte. Ltd. ("CGS-CIMB Securities") and CGS-CIMB Holdings Sdn. Bhd. ("CGS-CIMB Holdings") to 75.00 percent and 74.99 percent respectively, it is actively pushing forward the work related to exercise of rights (phase two). CGS-CIMB Securities and CGS-CIMB Holdings maintained absolute leadership in core ASEAN markets, and their stockbrokerage business retained the top spot in Singapore and rose from the 3rd place to the 1st place in Malaysia.

5. *Investment Trading*

In 2022, the Company optimised asset allocation, prepared for the launch of innovative services and diversified risks through multi-strategy investment, which enabled it to withstand the test of large fluctuations in the capital market. It had financial assets of RMB300.232 billion as at the end of 2022, representing a year-on-year rise of 27.09 percent, largely driven by the growth in fixed-income investment business and market-making business that were launched to meet client demands.

Equity investment: The Company, which upholds the basic principle of pursuing progress while ensuring stability, concentrated on developing low-and medium-risk equity investment business, sought neutral strategies suitable for proprietary operation, and expanded the investments made with futures arbitrage and fund arbitrage strategies. The Company actively participated in market-making business regarding equity investment, offered financial services to contribute to the green and low-carbon economy, and became one of the first brokerages to provide market-making service for carbon-neutral ETFs. With support for the development of innovative small and medium-sized enterprises, the Company invested in 52 stocks that serve the national strategies. It participated in a pilot programme for market-making business of stocks on the STAR Market. As one of the first brokerages eligible to participate in the market-making business of listed securities, the Company was honoured as an outstanding market maker for 2022 during the evaluation on the STAR Market.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION



Fixed-income investments: Prudent in investing, the Company optimised quantitative trading strategies for fixed income, and continuously pursued the return on low-volatility and low-risk investments, with remarkable results achieved. It strengthened efforts on credit risk screening, tapped the investment value of credit bonds, steadily increased investments and reduced risk exposure when appropriate. As at the end of 2022, the investment in corporate bonds totaled RMB241.5 billion, with bonds rated AAA (including interest rate bonds) or above accounting for 91%. The Company effectively expanded its neutral investment strategy, developed client need-driven business and scaled up institutional investment advisory service. As for its client need-driven business, the Company rolled out quotation repos, notes, credit protection certificates and so forth, and took part in all the 22 publicly traded REITs that were launched in 2022. Its bond pledged quotation repurchase business maintained a leading position in the industry. The pledge quotation repurchase business (its product called 'Tiantianli') on the SSE ranked first in terms of turnover and the number of clients as at the end of 2022. The outstanding balance was RMB23.956 billion and the number of investors amounted to 819,000. Its pledge quotation repurchase business (its product called 'Jinzilai') on the SZCE came top in terms of turnover and the number of clients. Great efforts were made to expand the gold lease business. It earned the 2nd place in terms of the value of gold leased as at the end of 2022. In addition, the Company was approved to become one of the first primary market makers for Treasury bond futures and one of the first market makers on Jijintong, a fund access platform. The Company won the Market Influence Award of the Year and Market Innovation Award in the interbank local currency market from the National Interbank Funding Center. It also won the Industry Excellent Institutional Investor during the selection of 7th CNABS Golden Laurel Award. It was awarded the Golden Award for Excellent Market Makers of Treasury Bond Futures and the Outstanding Treasury Futures Teams Award (Proprietary Trading) from the China Financial Futures Exchange. It was awarded the Excellent Bond ETF Market Maker and the Excellent Bond Investment Institution (Proprietary) from the SSE. It was awarded the Outstanding Bond Investment Institution (Brokerage Proprietary) and the Outstanding Institution in Cross-Market Bond Trading from the SZCE.

Derivative business: The Company actively implemented the concept of innovation-driven development, improved the trading strategy and varieties for derivative business, and expanded OTC derivative business. With focus on index products, it deepened the innovation in product structure and increased efforts on client trading services, so as to meet various clients' needs for personalised financial services. Specifically, the Company created a number of first credit protection instrument products in the market, as its move to respond to the national strategy and serve the real economy. It completed the first trading of return swaps of CFETS Interbank Carbon Neutral Bond Index in the interbank market, promoting low-carbon development of the real economy through financial innovation. The Company successfully issued its first vanilla income certificate product linked to a self-researched broad asset class index. Meanwhile, various systems for OTC derivative business have been continuously optimised to reduce client costs, improve their experience, facilitate their transactions, etc., providing a solid guarantee for the development of various businesses. The OTC derivative business of the Company maintained rapid growth, with a new scale of RMB145.301 billion for the year, are presenting a year-on-year increase of 53.80%, and a year-end scale of RMB68.683 billion, representing a year-on-year increase of 45.05%.



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

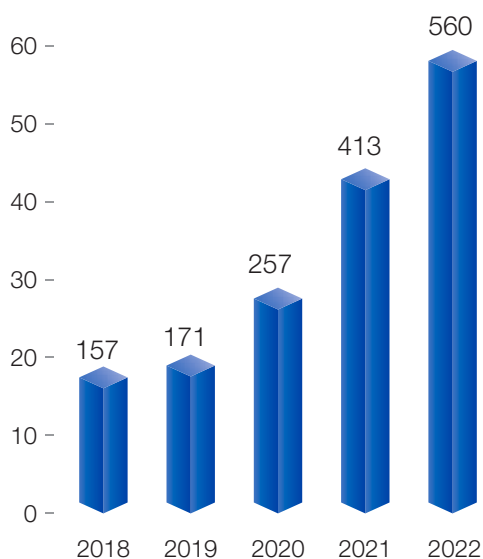
6. Other Parent-subsidiary Integration Businesses

(1) Futures business

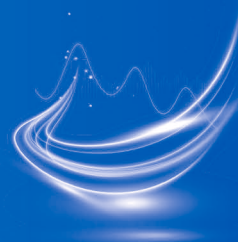
According to the China Futures Association, the futures trading volume in China totaled 6.768 billion lots in 2022, representing a year-on-year decrease of 9.93 percent. The period saw a total turnover of RMB534.93 trillion (one-sided), representing a year-on-year drop of 7.96 percent.

Galaxy Futures gave priorities to strengthening core competencies in fintech, wealth management and risk management, and improving the integrated service level for institutional clients. It steadily increased the share of futures brokerage business, and significantly enhanced the revenue generating capacity in risk management business. With regard to futures brokerage business, it developed clients in the upstream and downstream of industrial chain, expanded the business to insurers, publicly offered funds and other financial institutions to increase the number of clients, optimise the structure of clients and consolidate the foundation for development, with a view to ensuring the leading position of futures brokerage business in the market. In respect of futures asset management business, Galaxy Futures consolidated its advantages in investment and research in the fields of commodities and financial derivatives, and created and incubated actively managed products, in a bid to embark on a differentiated development path for asset management business. In terms of options on futures business, it was the first to launch the rainbow options business and promoted the cross-border swaps of European carbon futures. As a market maker for 48 varieties of options on futures (18 new varieties in 2022), its business covered the main varieties on futures exchanges. The futures trading volume of Galaxy Futures stood at 357.06 million lots in 2022, accounting for 2.64 percent of the market's total, representing an increase of 0.11 percentage point year on year. The futures turnover was RMB26.9 trillion, accounting for 2.52 percent of the market's total, representing a decrease of 0.03 percentage point year on year. In 2022, the average daily equity of clients grew by 35 percent year on year to RMB56 billion. As at the end of 2022, Galaxy Futures had assets under management of RMB5.816 billion, representing a year-on-year significant increase of 108.16%, of which the assets under self-management reached RMB2.66 billion, representing a year-on-year rise of 115.4%.

**Average Daily Equity of Galaxy
Futures' Clients**
Unit: RMB in 100 million



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

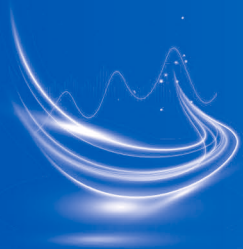


Moreover, Galaxy Futures is committed to building an integrated exchange-traded and OTC business system and a risk management ecosystem. As Galaxy Futures' subsidiary specialising in risk management, Galaxy Derivatives shoulders the responsibility of offering financial services to serve the real economy through innovation in OTC, spot & futures and so forth, achieving steady growth in revenue generating capacity. As for OTC derivatives, it launched innovative circuit-breaker and fixed-compensation accumulator and decumulator options to meet the diversified risk management needs of entity enterprises. An automated inquiry and quotation system was put into use to give instant reply to clients' inquiries and maintain a high degree of activity. In terms of spot & futures business, Galaxy Futures diversified warehouse receipt services and innovated basis trade business. It took the lead in trading volume of spots with cum rights (a proportion of around 30 percent, according to the China Futures Association). The trading volume of varieties depended on a margin of safety in prices to maximise the sustainable profitability of spot & futures business. In terms of market-making business, it actively applied to register as a market maker for different varieties, and established a diversified strategy system, striving to become one of the futures subsidiaries with licenses to conduct market-making activities for the most complete varieties of products. In 2022, Galaxy Derivatives signed new OTC derivative trading agreements with 1,145 clients, representing a year-on-year growth of 61.09 percent. The number of clients in spot & futures business totaled 2,494, with whom it entered into 6,598 spot purchase and sale contracts that were valued at RMB36.954 billion. It entered into 43 warehouse receipt pledge contracts in a total amount of RMB1.038 billion.

(2) Asset management business

Brokerage firms managed RMB9.76 trillion of assets as custodians as at the end of 2022, representing a decrease of 10.4 percent from the end of 2021, according to the Securities Association of China.

In 2022, Galaxy Jinhui strove to cut down leverage and channels in accordance with the new regulations on asset management and completed product transformation, after which 6 products were launched. It actively resolved problems left over from history to reduce operational risks. On the product side, Galaxy Jinhui solidified product advantages, actively enriched product categories, accelerated the pace to operate active management business, improved active management capabilities, and quickened the formation of an asset management product matrix, which initially set up a diversified product system with focus on the development of "fixed income +" products and priorities given to equity and hybrid products. On the user side, it actively expanded internal and external sales channels, established and improved the marketing system and incentive and restraint mechanism, and doubled the trading volume of fixed-income products, which effectively promoted the optimisation of the Company's product structure and revenue structure. As at the end of 2022, the number of existing management products of Galaxy Jinhui was 269 (of which: there were 101 collective products, 163 single products and 5 special products); the total entrusted scale amounted to RMB114.999 billion (of which: the scale of collective asset management products amounted to RMB44.2 billion; the scale of single asset management products amounted to RMB67.211 billion; the scale of specialized asset management products amounted to RMB3.588 billion), with the scale of assets under active management of RMB71.459 billion, representing 62.1% of the total, an increase of 8 percentage points as compared to that at the end of 2021. Galaxy Jinhui created 51 new products in 2022, including 18 fixed-income products, 15 equity products, 14 hybrid products, 2 derivatives and 2 special products. Its publicly/privately offered fund of fund (FOF) line has been continuously improved. Galaxy Jinhui's FOF1 asset management plan (YHZH01) was selected as one of the one-year FOF asset management plans by the China Securities Journal. A breakthrough was made in the QDII business, and its approved QDII quota of US\$400 million was used up.



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

The table below sets forth the scale and income of the companies' asset management business:

	2022		2021	
	Number of products	Entrusted scale (in RMB100 million)	Number of products	Entrusted scale (in RMB100 million)
Collective asset management	101	442.00	91	430.56
Single asset management	163	672.11	169	761.67
Specialized asset management	5	35.88	5	45.00

Source: Galaxy Jinhui Business Statistics, of which the information on the entrusted scale of asset management products in 2022 is unaudited.

(3) *Alternative investment*

Alternative investment subsidiaries of brokerage firms continuously increased capital to expand equity investment business in 2022, with release of the regulation on alternative investment subsidiaries of brokerage firms and systems on follow-on investment on the STAR Market and GEM.

Galaxy Yuanhui actively integrated into and served the national development strategies, and adhered to the concept of value investing. It focused on the strategic track of self-improvement in science and technology in advanced manufacturing, new energy/new materials, digital economy, life sciences and medical technology, and constantly expanded the investment scope and sought leading projects in relevant segments. In addition, Galaxy Yuanhui fulfilled the responsibility of state-owned capital to focus on facilitating the development of small and medium-sized enterprises with its own funds, and strengthened the positioning as a "collaborator". Its business showed a good development momentum. In 2022, IPOs for the five projects invested by Galaxy Yuanhui were completed or approved. Returns on investments in the listed projects were realised.

(4) *Private equity investment management*

According to the statistics of the Asset Management Association of China, as of the end of 2022, there were 14,303 private equity/venture investment fund managers registered with the Asset Management Association of China, managing 50,878 private equity funds with a scale of RMB13.77 trillion, representing an increase of 7.75% compared with the end of 2021.

In 2022, Galaxy Capital, which endeavoured to build capabilities in fundraising, investment, management and exit, continuously served the country's major development strategies, strove to improve the ability to create funds, increase the financial support to prop up regional high-quality development, effectively served innovative micro, small and medium-sized enterprises, and innovated the support mechanism for industrial funds. Priority was given to the operation of the Hainan Free Trade Port Fund, and accelerate the formation of a large-scale parent-subsidiary fund cluster. As at the end of 2022, Galaxy Capital (including its affiliates) managed 14 private equity funds, which are mainly concentrated in the Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Hainan Free Trade Port and the Western region. The private equity funds were valued at RMB24.273 billion, representing a year-on-year surge of 113.78 percent. The investments made into micro, small and medium-sized enterprises in new materials, advanced manufacturing, biomedicine and so forth accounted for 40.02 percent of the total. In 2022, Galaxy Capital was honoured as one of the 2022 Best Chinese Private Equity Subsidiaries of Brokerage Firms by Chinese Venture.



II. ANALYSIS OF OPERATION DURING THE REPORTING PERIOD

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

As at the end of the Reporting Period, the Group's total assets grew by 11.62 percent from the end of 2021 to RMB625.216 billion, and equity attributable to owners of the Company amounted to RMB102.590 billion, representing a year-on-year increase of 3.67 percent as compared to the end of 2021. The Group realised total revenue and other income of RMB43.781 billion in 2022, representing a decrease of 3.30 percent. Its net profit attributable to owners of the Company amounted to RMB7.761 billion, representing a year-on-year decline of 25.60 percent, net profit attributable to owners of the Company decreased by 25.60% in 2022, mainly due to the decrease in net commission and handling fee income from the Company's brokerage business and net income from investment business as a result of fluctuations in the securities market. The weighted average return on net assets amounted to 8.21 percent, representing a year-on-year decrease of 4.08 percentage points.

(ii) Asset Structure and Quality

As at the end of 2022, the Group had total assets of RMB625.216 billion, representing an increase of 11.62% from RMB560.135 billion as at the end of 2021. Total liabilities amounted to RMB522.603 billion, representing an increase of 13.32% from RMB461.157 billion as at the end of 2021. The equity attributable to owners of the Company amounted to RMB102.590 billion, representing an increase of 3.67% from RMB98.956 billion as at the end of 2021.

Asset structure remained stable while asset quality and liquidity remained satisfactory. As at 31 December 2022, the compositions of the Group's total assets were: monetary assets of RMB115.995 billion, accounting for 18.55% of the total assets; provision of settlement fund of RMB39.811 billion, accounting for 6.37% of the total assets; lending to clients of RMB84.329 billion, accounting for 13.49% of the total assets; financial assets held under resale agreements of RMB20.293 billion, accounting for 3.25% of the total assets; financial assets held for trading of RMB171.923 billion, accounting for 27.50% of the total assets; other debt investments of RMB109.325 billion, accounting for 17.49% of the total assets; investment in other equity instruments of RMB38.395 billion, accounting for 6.14% of the total assets. The Group's assets were highly liquid with reasonable structure. In addition, according to its accounting policy, the Group made provision for corresponding impairment of financial instruments and confirmed loss reserves based on expected credit losses, and the asset quality was favourable.

The gearing level and operating leverage slightly increased from the beginning of the year. As at the end of 2022, the gearing ratio of the Group was 79.29%, representing an increase of 2.22 percentage points as compared with 77.07% as at the end of 2021. (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 4.83 times, increasing by 0.47 from 4.36 times as at the end of 2021. (Note: operating leverage ratio = (total assets – accounts payable to brokerage clients – funds payable to securities issuers)/equity attributable to owners of the Company).

(iii) Financing Channels and Capability

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

As at the End of the Reporting Period, the line of credit granted to the Company amounted to approximately RMB410.0 billion.



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

(iv) Cash Flows

Cash and cash equivalents increased by RMB6.473 billion from the end of last year due to the fact that the net cash inflows from the Group's operating activities and financing activities for the year were more than the net cash outflows from investing activities.

Net cash flows from operating activities increased by RMB7.690 billion to RMB28.826 billion in 2022 from RMB21.136 billion in 2021; net cash flows from investing activities fell by RMB1.109 billion to RMB-24.811 billion in 2022 from RMB-23.702 billion in 2021; net cash flows from financing activities decreased by RMB416 million to RMB2.458 billion in 2022 from RMB2.874 billion in 2021; increased net cash and cash equivalents grew by RMB6.165 billion to RMB6.473 billion in 2022 from RMB308 million in 2021.

(v) Operating Revenue and Profit Analysis

1. Items of income statement

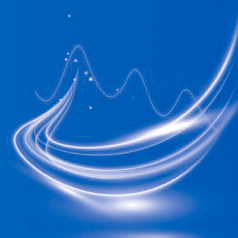
Highlights of financial results

In 2022, net profit attributable to owner of the Company was RMB7.761 billion, representing a decrease of 25.60% compared with 2021. Key financial results are as follows:

Unit: RMB in million

Item	2022	2021	Change	Year-on-year growth rate
Revenue				
Commission and handling fee income	8,514.0	10,614.1	-2,100.1	-19.79%
Interest income	14,289.7	13,596.7	693.0	5.10%
Net investment gains	5,590.1	7,131.0	-1,540.9	-21.61%
Total revenue	28,393.8	31,341.9	-2,948.1	-9.41%
Income from bulk commodity trading	15,054.1	13,654.7	1,399.4	10.25%
Other income and gains	333.1	280.5	52.6	18.75%
Total revenue and other income	43,781.1	45,277.1	-1,496.0	-3.30%
Total expenses	-35,811.1	-32,532.6	-3,278.5	10.08%
Including: expenses on bulk commodity trading	-15,072.4	-13,008.3	-2,064.1	15.87%
Share of results of joint ventures	0.9	46.6	-45.7	-98.13%
Profit before income tax	7,970.9	12,791.0	-4,820.1	-37.68%
Income tax expense	-209.4	-2,274.1	2,064.7	-90.79%
Profit for the year	7,761.5	10,517.0	-2,755.5	-26.20%
Net profit attributable to owners of the Company	7,760.5	10,430.2	-2,669.7	-25.60%

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

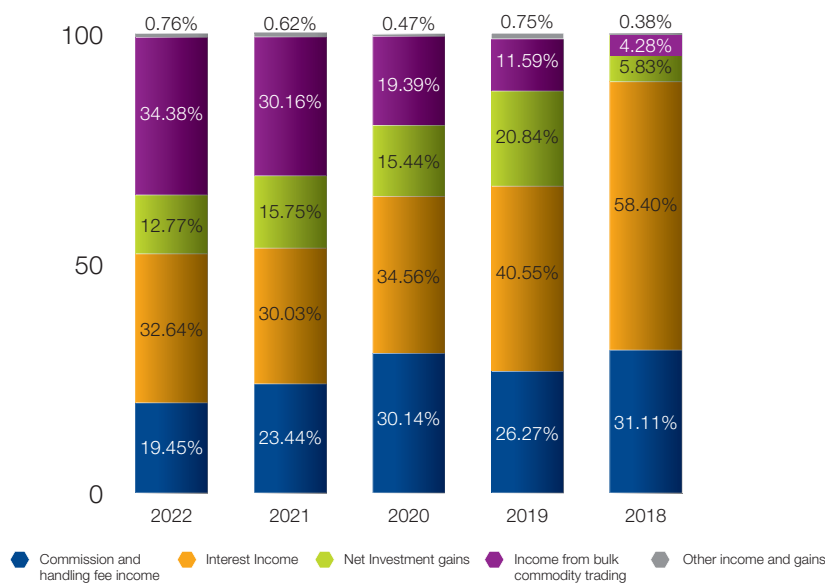


Revenue breakdown

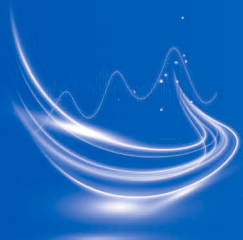
In 2022, the Group realised total revenue and other income of RMB43.781 billion, representing a decrease of 3.30% as compared with 2021, among which, commission and handling fee income accounted for 19.45%, representing a decrease of 3.99 percentage points as compared with 2021; interest income accounted for 32.64%, representing an increase of 2.61 percentage points as compared with 2021; net investment gains accounted for 12.77%, representing a decrease of 2.98 percentage points as compared with 2021; income from bulk commodity trading accounted for 34.38%, representing an increase of 4.22 percentage points as compared with 2021, and income from bulk commodity trading increased by RMB1.399 billion; and other income and gains accounted for 0.76%, representing an increase of 0.14 percentage point as compared with 2021. Breakdown of the Group's revenue for the recent five years is as follows:

Item	2022	2021	2020	2019	2018
Commission and handling fee income	19.45%	23.44%	30.14%	26.27%	31.11%
Interest income	32.64%	30.03%	34.56%	40.55%	58.40%
Net investment gains	12.77%	15.75%	15.44%	20.84%	5.83%
Income from bulk commodity trading	34.38%	30.16%	19.39%	11.59%	4.28%
Other income and gains	0.76%	0.62%	0.47%	0.75%	0.38%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

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



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



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

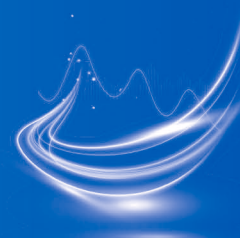
Commission and handling fee income

Breakdown of the Group's commission and handling fee income in 2022 is as follows:

Unit: RMB in million

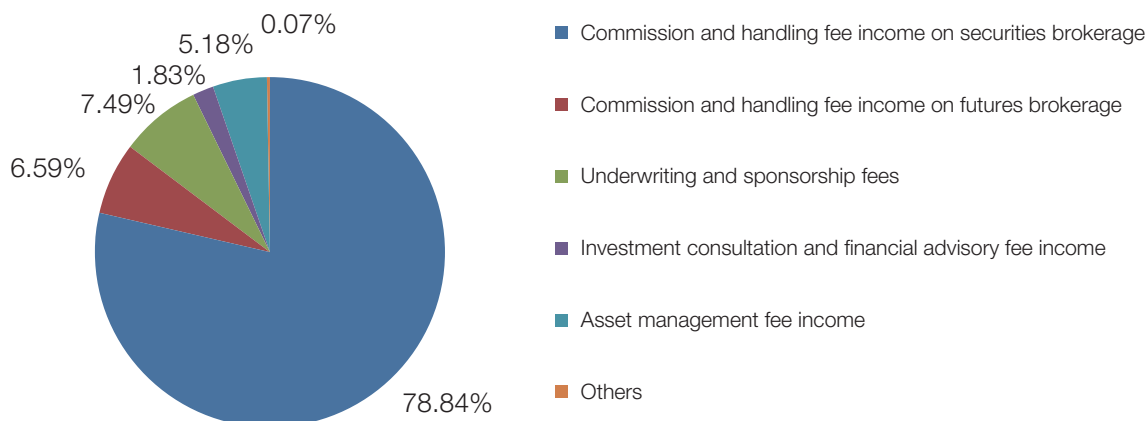
Item	2022	2021	Change	Year-on-year growth rate
Commission and handling fee income				
Commission and handling fee income on securities brokerage	6,712.8	8,675.6	-1,962.8	-22.62%
Commission and handling fee income on futures brokerage	561.0	687.6	-126.6	-18.41%
Underwriting and sponsorship fees	638.1	569.1	69.0	12.12%
Investment consultation and financial advisory fee income	156.1	162.1	-6.0	-3.70%
Asset management fee income	441.2	517.9	-76.7	-14.81%
Others	4.8	1.8	3.0	166.67%
Total commission and handling fee income	8,514.0	10,614.1	-2,100.1	-19.79%
Commission and handling fee expense	996.9	1,193.9	-197.0	-16.50%
Net commission and handling fee income	7,517.1	9,420.2	-1,903.1	-20.20%

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

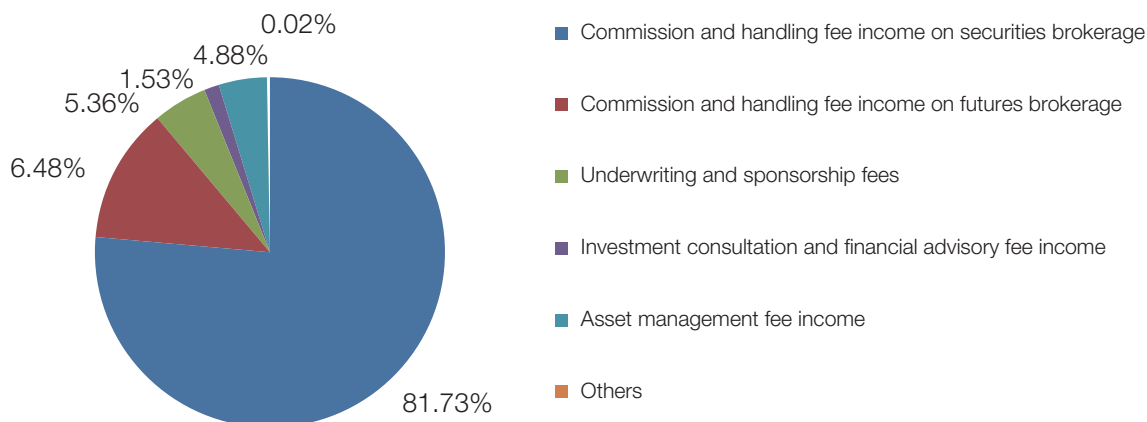


The chart below illustrates the breakdown of the Group's commission and handling fee income in 2022 and 2021:

Breakdown of commission and handling fee income in 2022



Breakdown of commission and handling fee income in 2021



In 2022, the Group realised net commission and handling fee income of RMB7.517 billion, representing a decrease of 20.20% as compared with 2021, which was largely due to the decline in commission and handling fee income on securities brokerage.

Commission and handling fee income on securities brokerage fell by RMB1.963 billion, representing a decrease of 22.62% as compared with 2021, which was largely due to the downward trend of the fluctuating stock market index and the decreased trading volume of stock funds.



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Interest income

In 2022, the Group realised net interest income of RMB5.163 billion, representing a decline of 5.37% as compared with 2021. Breakdown of the Group's net interest income in 2022 is as follows:

Unit: RMB in million

Item	2022	2021	Change	Year-on-year growth rate
Interest income				
Deposits and bank balances with exchanges and non-bank financial institutions	3,457.5	2,810.1	647.4	23.04%
Advances to financing customers and securities lending	5,879.1	6,540.6	-661.5	-10.11%
Financial assets held under resale agreements	1,038.6	1,279.5	-240.9	-18.83%
Debt instruments measured at fair value through other comprehensive income	3,688.6	2,549.0	1,139.6	44.71%
Debt instruments measured at amortised cost	109.5	286.0	-176.5	-61.71%
Others	116.6	131.5	-14.9	-11.33%
Total interest income	14,289.7	13,596.7	693.0	5.10%
Interest expenses	9,126.6	8,140.8	985.8	12.11%
Net interest income	5,163.1	5,455.9	-292.8	-5.37%

Interest income from deposits and bank balances with exchanges and non-bank financial institutions increased by RMB647 million or 23.04% as compared with 2021, which is mainly attributable to an increase in the daily average balance of deposits.

Interest income from advances to financing customers and securities lending dropped by RMB662 million or 10.11% as compared with 2021, which was primarily attributable to the decrease in business scale of margin financing.

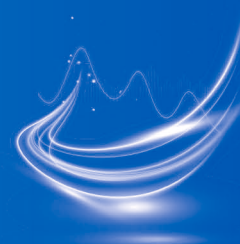
Interest income of financial assets held under resale agreements slumped by RMB241 million or 18.83% as compared with 2021, which was mainly due to the decrease in scale of stock pledge repurchases as compared with 2021.

Interest income of debt instruments measured at fair value through other comprehensive income grew by RMB1.140 billion or 44.71% as compared with 2021, which was primarily attributable to the increase in investment scale of such debt instruments.

Interest income of debt instruments measured at amortised cost plummeted by RMB177 million or 61.71% as compared with 2021, which was primarily attributable to the decrease in investment scale of such debt instruments.

Interest expenses rose by RMB986 million or 12.11% as compared with 2021, which was mainly due to the increase in daily average scale of debts.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION



Net investment gains

In 2022, the Group realised net investment gains of RMB5.590 billion, representing a decrease of 21.61% as compared with 2021. Breakdown of the Group's net investment gains in 2022 is as follows:

Unit: RMB in million

Item	2022	2021	Change	Year-on-year growth rate
Investment gain/(loss) from the following items				
Debt instruments measured at amortised cost	78.5	8.0	70.5	881.25%
Financial assets measured at fair value through profit or loss	-2,560.4	8,975.9	-11,536.3	-128.53%
Derivatives	2,874.3	-2,528.2	5,402.5	213.69%
Debt instruments measured at fair value through other comprehensive income	997.2	337.8	659.4	195.20%
Equity instruments designated as at fair value through other comprehensive income	2,056.4	1,608.5	447.9	27.85%
Others	2,144.1	-1,271.0	3,415.1	268.69%
Total	5,590.1	7,131.0	-1,540.9	-21.61%

Investment gains from debt instruments measured at amortised cost jumped by RMB71 million or 881.25% year on year, which was primarily due to the increase in net investment gains on disposal of debt instruments.

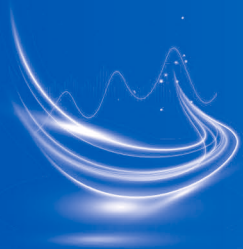
Investment gains from financial assets measured at fair value through profit or loss tumbled by RMB11.536 billion or 128.53% as compared with 2021, which was primarily attributable to a decrease in the net gains arising from investments due to fluctuations in the value of financial products.

Investment gains from derivatives surged by RMB5.403 billion or 213.69% as compared with 2021, which was primarily due to the increased hedges of the Company in 2022 and the increase in gains from hedges under the market price fluctuation.

Investment gains from debt instruments measured at fair value through other comprehensive income jumped by RMB659 million or 195.20% as compared with 2021, which was mainly attributable to the increase in investments in such debentures.

Investment gains from equity instruments measured at fair value through other comprehensive income increased by RMB448 million or 27.85% as compared with 2021, which was mainly attributable to the increase in the amount of interest payment in respect of the investment in perpetual bonds.

Other investment gains climbed by RMB3.415 billion or 268.69% as compared with 2021, which was mainly due to the increase in the trading financial liabilities and fluctuations in the value.



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Operating expenses

In 2022, the Group's operating expenses (excluding handling fee and commission expenses and interest expenses) amounted to RMB25.688 billion, representing an increase of 10.73% as compared with 2021. Breakdown of the Group's operating expenses in 2022 is mainly as follows:

Unit: RMB in million

Item	2022	2021	Change	Year-on-year growth rate
Operating expenses				
Depreciation and amortisation	970.4	825.9	144.5	17.50%
Staff costs	7,130.1	7,044.3	85.8	1.22%
Bulk commodity trading expenses	15,072.4	13,008.3	2,064.1	15.87%
Other operating expenses	2,373.8	2,362.5	11.3	0.48%
Impairment losses	140.8	-43.1	183.9	426.68%
Total	25,687.5	23,197.9	2,489.6	10.73%

Depreciation and amortisation increased by RMB145 million or 17.50% as compared with 2021, which was primarily due to the increase in capital investment including fixed assets and intangible assets in 2022.

Bulk commodity trading expense rose by RMB2.064 billion or 15.87% as compared with 2021, which was mainly due to the increase in bulk commodity trading business.

Impairment losses surged by RMB184 million or 426.68% as compared with 2021, which was mainly attributable to the increase in impairment losses for receivables and other receivables.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION



Impairment losses

Impairment losses amounted to RMB141 million, representing an increase of RMB184 million as compared with 2021, details of which are presented as follows:

Unit: RMB in million

Item	2022	2021	Change	Year-on-year growth rate
Impairment losses				
Provision for/(reversal of) impairment losses on accounts receivable	89.1	-36.8	125.9	342.12%
Impairment losses on other receivables	271.6	182.6	89.0	48.74%
Impairment losses on margin financing and securities lending business	52.1	1.7	50.4	2,964.71%
Impairment losses/(reversal) on financial assets held under resale agreements	-232.1	-160.8	-71.3	-44.34%
Credit impairment losses/(reversal) on financial assets measured at amortised cost	-46.3	-19.5	-26.8	-137.44%
Credit impairment losses on debt instruments measured at fair value through other comprehensive income	18.6	-26.7	45.3	169.66%
Credit impairment losses on cash and bank balances	-	-1.0	1.0	100.00%
Impairment loss in respect of inventory/(reversal)	-13.0	17.4	-30.4	-174.71%
Impairment loss in respect of intangible assets	0.9	-	0.9	N/A
Total	140.8	-43.1	183.9	426.68%

In 2022, impairment losses on assets amounted to RMB141 million, which mainly for the Company's provision for expected credit impairment losses. The increase in impairment losses on the Company's provision for accounts receivable and other receivables was mainly due to the increase in the size of receivables and the increase in the provision for expected credit impairment losses on other receivables of structured entities. The Company adopts the expected credit loss model to measure the credit impairment loss on financial assets. Relevant model parameters and calculation results are presented in Credit Risks in Note 57.1 to the Consolidated Financial Statements in Section XI.



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

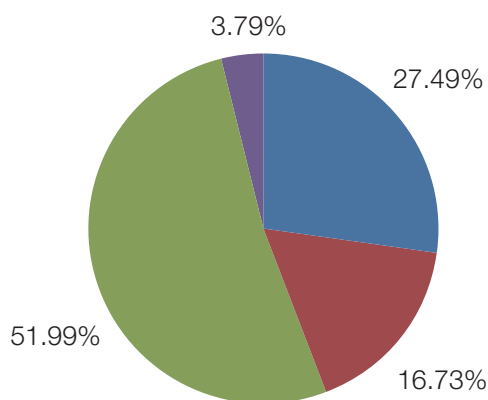
2. Asset items

As at 31 December 2022, the Group had total assets of RMB625.216 billion, an increase of 11.62% from the end of 2021, among which, cash assets amounted to RMB171.876 billion, representing an increase of 8.82% as compared with 2021; financing assets amounted to RMB104.622 billion, representing a decrease of 12.94% as compared with 2021; financial investment assets amounted to RMB325.043 billion, representing an increase of 25.59% as compared with 2021; other operational assets such as properties and equipment, mainly including accounts receivable, other receivables and prepayments, right-of-use assets and goodwill, amounted to RMB23.674 billion, representing an increase of 1.99% as compared with 2021. Major changes in the Group's total assets are as follows:

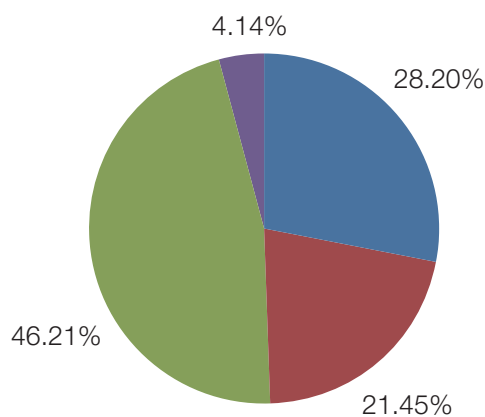
Unit: RMB in million

Item	31 December 2022	31 December 2021	Change	Year-on-year growth rate
Cash assets	171,876.1	157,948.6	13,927.5	8.82%
Financing assets	104,622.7	120,168.8	-15,546.1	-12.94%
Financial investment assets	325,043.0	258,806.0	66,237.0	25.59%
Other operational assets such as properties and equipment	23,673.9	23,211.6	462.3	1.99%
Total	625,215.7	560,135.0	65,080.7	11.62%

Breakdown analysis of assets in 2022

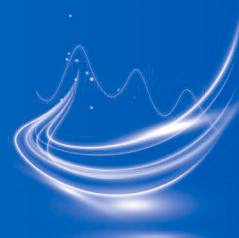


Breakdown analysis of assets in 2021



■ 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 2022, the Group's cash assets increased by RMB13.928 billion or 8.82% as compared with 2021, accounting for 27.49% of the Group's total assets. Breakdown of the Group's cash assets is as follows:

Unit: RMB in million

Item	31 December 2022	31 December 2021	Change	Year-on-year growth rate
Cash assets				
Bank balances	115,995.3	113,938.4	2,056.9	1.81%
Clearing settlement funds	39,811.1	32,294.0	7,517.1	23.28%
Reserves and deposits with exchanges and other financial institutions	16,069.7	11,716.2	4,353.5	37.16%
Total	171,876.1	157,948.6	13,927.5	8.82%

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

Bank balances amounted to RMB115.995 billion, a year-on-year increase of RMB2.057 billion or 1.81% year on year, which was mainly attributable to the increase in its own funds.

Clearing settlement funds increased by RMB7.517 billion or 23.28% year on year to RMB39.811 billion, which was mainly due to the increase in clients' clearing settlement funds.

Reserves and deposits with exchanges and other financial institutions grew by RMB4.354 billion or 37.16% year on year to RMB16.070 billion, which was primarily due to the rise in performance security deposit and transaction deposit.

Financing assets

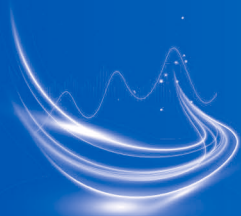
As at 31 December 2022, the Group's financing assets fell by RMB15.546 billion or 12.94% as compared with 2021, accounting for 16.73% of the Group's total assets. Breakdown of the Group's financing assets is as follows:

Unit: RMB in million

Item	31 December 2022	31 December 2021	Change	Year-on-year growth rate
Financing assets				
Advances to financing customers	84,329.3	98,193.7	-13,864.4	-14.12%
Financial assets held under resale agreements	20,293.4	21,975.1	-1,681.7	-7.65%
Total	104,622.7	120,168.8	-15,546.1	-12.94%

Advances to financing customers amounted to RMB84.329 billion, representing a decrease of 14.12% as compared with 2021, which was primarily due to the decline in the Group's business scale of financing.

Financial assets held under resale agreements amounted to RMB20.293 billion, representing a decrease of 7.65% as compared with 2021, which was primarily due to the decrease in business scale of bond pledged repurchase and stock pledged repurchase.



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Financial investment assets

As at 31 December 2022, the Group's financial investment assets rose by RMB66.237 billion or 25.59% as compared with 2021, accounting for 51.99% 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 2022	31 December 2021	Change	Year-on-year growth rate
Financial investment assets				
Investment in joint ventures	61.8	30.3	31.5	103.96%
Financial assets measured at fair value through profit or loss	171,922.8	135,642.9	36,279.9	26.75%
Financial instruments measured at amortised cost	2,707.9	5,269.4	-2,561.5	-48.61%
Debt instruments measured at fair value through other comprehensive income	109,325.0	81,232.9	28,092.1	34.58%
Equity instruments measured at fair value through other comprehensive income	38,395.0	34,684.6	3,710.4	10.70%
Derivative financial assets	2,630.5	1,945.9	684.6	35.18%
Total	325,043.0	258,806.0	66,237.0	25.59%

The Group's investment in joint ventures rose by RMB32 million or 103.96% as compared with 2021, which was mainly due to the increase in investments in joint ventures.

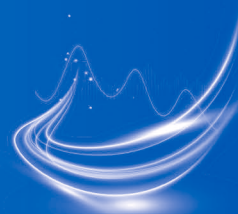
Financial assets measured at fair value through profit or loss increased by RMB36.280 billion or 26.75% as compared with 2021, which was mainly attributable to the increase in investments in bonds and funds.

Financial instruments measured at amortised cost fell by RMB2.562 billion or 48.61% as compared with 2021, which was primarily due to the fact that the Group adjusted the portfolio according to market conditions and terminated the recognition of some financial instruments measured at amortised cost, resulting in decline of their scale.

Debt instruments measured at fair value through other comprehensive income grew by RMB28.092 billion or 34.58% as compared with 2021, which was mainly due to the increase in investments in bonds.

Derivative financial assets increased by RMB685 million or 35.18% as compared with 2021, which was mainly due to the increase in over-the-counter derivatives and their price fluctuation.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION



As at 31 December 2022, the Group's financial assets measured at fair value through profit or loss increased by RMB36.280 billion or 26.75% as compared with 2021, accounting for 27.50% of the Group's total assets, which was mainly attributable to the increase in investments in bonds, funds and others. The table below sets forth the breakdown of the Group's financial assets measured at fair value through profit or loss:

Unit: RMB in million

Item	31 December 2022	31 December 2021	Change	Year-on-year growth rate
Financial assets measured at fair value through profit or loss				
Debt securities	90,965.6	64,351.6	26,614.0	41.36%
Equity securities	14,756.3	19,878.9	-5,122.6	-25.77%
Funds	30,924.4	21,889.7	9,034.7	41.27%
Trust schemes	538.3	321.3	217.0	67.54%
Other investments	34,738.3	29,201.4	5,536.9	18.96%
Total	171,922.8	135,642.9	36,279.9	26.75%

Other operational assets such as properties and equipment

As at 31 December 2022, the Group's other operational assets such as properties and equipment amounted to RMB23.674 billion, representing an increase of RMB462 million or 1.99% as compared with 2021, accounting for 3.79% 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 2022	31 December 2021	Change	Year-on-year growth rate
Other operational assets such as properties and equipment				
Property and equipment	688.0	547.1	140.9	25.75%
Goodwill	1,046.2	1,008.7	37.5	3.72%
Other intangible assets	750.3	704.8	45.5	6.46%
Deferred tax assets	387.6	168.3	219.3	130.30%
Accounts receivable	10,481.4	10,150.7	330.7	3.26%
Tax recoverable	785.1	805.1	-20.0	-2.48%
Other receivables and prepayments	7,839.9	8,248.5	-408.6	-4.95%
Right-of-use assets	1,688.0	1,570.8	117.2	7.46%
Investment properties	7.4	7.6	-0.2	-2.63%
Total	23,673.9	23,211.6	462.3	1.99%

Property and equipment increased by RMB141 million or 25.75% as compared with 2021, which was primarily due to the increase in capital expenditure including fixed assets.



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Other intangible assets increased by RMB46 million or 6.46% as compared with 2021, which was mainly attributable to the increase in investment in software.

Deferred tax assets climbed by RMB219 million or 130.30% as compared with 2021, which was mainly attributable to the increase in deductible temporary differences.

Accounts receivable grew by RMB331 million or 3.26% as compared with 2021, which was mainly attributable to the rise in client securities settlement.

Other receivables and prepayments fell by RMB409 million or 4.95% as compared with 2021, which was mainly attributable to the decline in net receivables of consolidated structured entities.

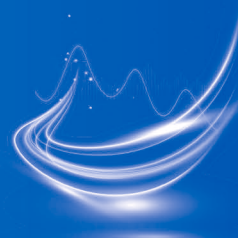
3. *Liability items*

As at 31 December 2022, the Group's total liabilities amounted to RMB522.603 billion, representing an increase of RMB61.446 billion or 13.32% as compared with 2021. In order to vigorously develop the capital intermediary market, the Company expanded the scale of financing and raised funds through various channels. As at 31 December 2022, accounts payable to brokerage clients amounted to RMB129.646 billion, representing an increase of 0.97% as compared with 2021; financial assets sold under repurchase agreements amounted to RMB158.495 billion, representing an increase of 17.75% as compared with 2021; bank borrowings and capital borrowed amounted to RMB152.449 billion, representing an increase of 9.33% as compared with 2021; and other operational liabilities amounted to RMB82.012 billion, representing an increase of 39.68% as compared with 2021. The table below sets forth the major changes in the Group's total liabilities:

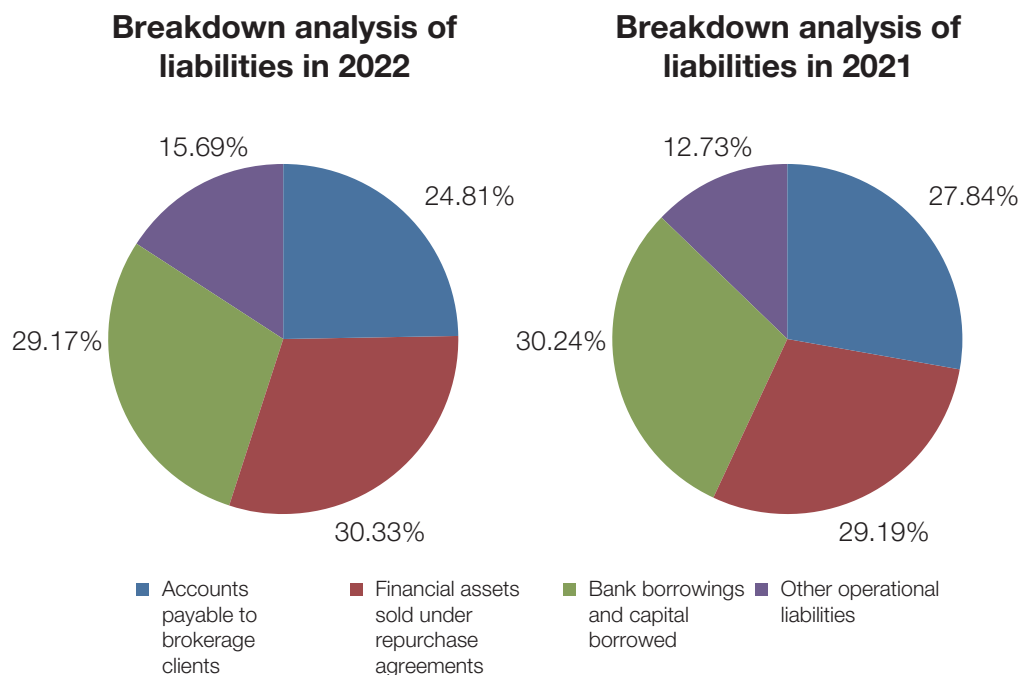
Unit: RMB in million

Item	31 December 2022	31 December 2021	Change	Year-on-year growth rate
Liabilities				
Accounts payable to brokerage clients	129,645.9	128,400.8	1,245.1	0.97%
Financial assets sold under repurchase agreements	158,495.4	134,603.9	23,891.5	17.75%
Bank borrowings and capital borrowed	152,449.3	139,436.1	13,013.2	9.33%
Other operational liabilities	82,012.2	58,716.2	23,296.0	39.68%
Total	522,602.8	461,157.0	61,445.8	13.32%

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION



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



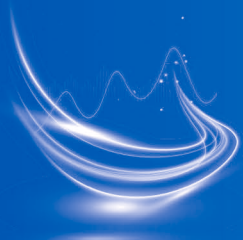
Bank borrowings and capital borrowed

Unit: RMB in million

Item	31 December 2022	31 December 2021	Change	Year-on-year growth rate
Bank borrowings and capital borrowed				
Amounts payable to banks and other financial institutions	27,423.6	24,054.2	3,369.4	14.01%
Debt instruments	29,599.9	31,149.8	-1,549.9	-4.98%
Bonds payable	95,425.8	84,232.1	11,193.7	13.29%
Total	152,449.3	139,436.1	13,013.2	9.33%

Amounts payable to banks and other financial institutions grew by RMB3.369 billion or 14.01% year on year, which was primarily due to the rise in capital borrowed from China Securities Finance Corporation Limited.

Bonds payable increased by RMB11.194 billion or 13.29% as compared with 2021, which was mainly due to the increase in the balances of long-term corporate bonds and convertible bonds of the Company.



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

Other operational liabilities

Unit: RMB in million

Item	31 December 2022	31 December 2021	Change	Year-on-year growth rate
Other operational liabilities				
Accrued staff costs	5,677.3	4,906.8	770.5	15.70%
Other payables and accruals	38,029.8	29,651.8	8,378.0	28.25%
Income tax liabilities	153.2	208.8	-55.6	-26.63%
Financial liabilities measured at fair value through profit or loss	33,637.8	16,583.9	17,053.9	102.83%
Lease liabilities	1,724.0	1,578.8	145.2	9.20%
Derivative financial liabilities	2,597.9	4,647.3	-2,049.4	-44.10%
Deferred tax liabilities	192.2	1,138.8	-946.6	-83.12%
Total	82,012.2	58,716.2	23,296.0	39.68%

Other payables and accruals increased by RMB8.378 billion or 28.25% as compared with 2021, which was primarily due to the increase in scale of performance deposits payable to clients.

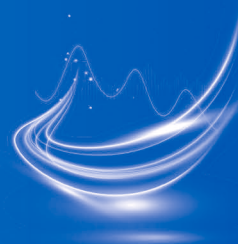
Income tax liabilities slumped by RMB56 million or 26.63% as compared with 2021, which was primarily due to the decline in enterprise income tax payable.

Financial liabilities measured at fair value through profit or loss jumped by RMB17.054 billion or 102.83% as compared with 2021, which was mainly due to the increase in scale of bond lending and index-linked floating income certificates.

Derivative financial liabilities dropped by RMB2.049 billion or 44.10% as compared with 2021, which was mainly affected by the price fluctuation of over-the-counter derivatives.

Deferred tax liabilities slumped by RMB947 million or 83.12% as compared with 2021, 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 2022, the Group's total equity amounted to RMB102.613 billion, representing an increase of 3.67% as compared with 2021. The table below sets forth the breakdown of the Group's equity as at the dates indicated:

Unit: RMB in million

Item	31 December 2022	31 December 2021	Change	Year-on-year growth rate
Share capital	10,137.3	10,137.3	–	0.00%
Other equity instruments	15,935.7	14,885.9	1,049.8	7.05%
Reserves	48,551.4	47,182.6	1,368.8	2.90%
Retained earnings	27,965.4	26,750.1	1,215.3	4.54%
Non-controlling interests	23.2	22.2	1.0	4.50%
Total	102,612.9	98,978.1	3,634.8	3.67%

Other equity instruments increased by RMB1.050 billion or 7.05% as compared with 2021, which was mainly due to the increase in the portion of equity instruments corresponding to the convertible bonds issued by the Company.

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 Company has formulated the strategic development plan for 2023-2025 and is going through the approval process for corporate governance. Preparations are being made to build some new business lines. Integrating the relevant contents of the old and new strategic development plans, the Group presented its financial results by seven business segments, namely securities brokerage, futures business, proprietary trading and other securities trading services, investment banking, asset management, private equity investment and overseas business, in 2022. Other segments primarily record the interest income from our own bank deposits and 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

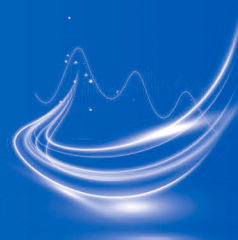
	2022		2021	
	Amount	Percentage	Amount	Percentage
Securities brokerage	12,943.8	29.56%	16,127.5	35.62%
Futures business	17,546.1	40.08%	15,387.7	33.99%
Proprietary trading and other				
securities trading services	7,971.1	18.21%	9,128.3	20.16%
Investment banking	625.8	1.43%	593.5	1.31%
Asset management	479.3	1.09%	534.6	1.18%
Private equity investment	546.2	1.25%	511.8	1.13%
Overseas business	3,125.8	7.14%	3,246.5	7.17%
Others	918.2	2.10%	1,422.6	3.14%
Inter-segment eliminations	-375.2	-0.86%	-1,675.4	-3.70%
Total	43,781.1	100.00%	45,277.1	100.00%

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

Unit: RMB in million

	2022		2021	
	Amount	Percentage	Amount	Percentage
Securities brokerage	7,661.2	21.40%	8,486.1	26.09%
Futures business	16,572.5	46.28%	14,366.6	44.16%
Proprietary trading and other				
securities trading services	5,805.9	16.21%	4,449.8	13.68%
Investment banking	364.8	1.02%	312.8	0.96%
Asset management	461.6	1.29%	520.6	1.60%
Private equity investment	160.2	0.45%	140.5	0.43%
Overseas business	3,074.0	8.58%	2,944.2	9.05%
Others	1,667.5	4.66%	1,652.1	5.08%
Inter-segment eliminations	43.4	0.11%	-340.1	-1.05%
Total	35,811.1	100.00%	32,532.6	100.00%

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION



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

Unit: RMB in million

	2022		2021	
	Amount	Percentage	Amount	Percentage
Securities brokerage	5,282.6	66.27%	7,641.3	59.75%
Futures business	973.6	12.21%	1,021.1	7.98%
Proprietary trading and other securities trading services	2,165.3	27.17%	4,678.5	36.58%
Investment banking	261.0	3.27%	280.7	2.19%
Asset management	17.7	0.22%	14.0	0.11%
Private equity investment	388.8	4.88%	371.4	2.90%
Overseas business	51.8	0.65%	350.7	2.74%
Others	-751.2	-9.42%	-231.5	-1.81%
Inter-segment eliminations	-418.6	-5.25%	-1,335.2	-10.44%
Total	7,970.9	100.00%	12,791.0	100.00%

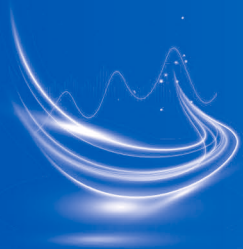
(vi) Contingent Liabilities

Nil

(vii) Analysis of Investment

Unit: RMB in million

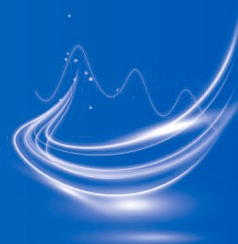
Item	31 December 2021	31 December 2022	Change for the period	Amount of effect on the profit for the period
Financial assets measured at fair value through profit or loss	135,642.9	171,922.8	36,279.9	-2,560.4
Derivative financial instruments	-2,701.4	32.7	2,734.1	2,874.3
Debt instruments measured at fair value through other comprehensive income	81,232.9	109,325.0	28,092.0	4,685.8
Equity instruments measured at fair value through other comprehensive income	34,684.6	38,395.0	3,710.4	2,056.4
Financial liabilities measured at fair value through profit or loss	16,583.9	33,637.8	17,053.9	2,144.1



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

(viii) Analysis of Major Controlled Companies and Investees

1. Galaxy Futures has a registered capital of RMB4.5 billion, in which the Company holds 100% equity interest. It mainly provides commodity futures brokerage, financial futures brokerage, futures investment advisory, assets management and sales of funds. According to the financial statements prepared in accordance with Chinese Accounting Standards for Business Enterprises, as at 31 December 2022, the total assets and net assets of Galaxy Futures were RMB72.943 billion and RMB6.367 billion, respectively. In 2022, it achieved operating revenue and net profit of RMB17.060 billion and RMB736 million, respectively.
2. Galaxy Capital has a registered capital of RMB1.0 billion, in which the Company holds an equity interest of 100%. It is primarily engaged in asset management, project investment and investment management. According to the financial statements prepared in accordance with Chinese Accounting Standards for Business Enterprises, as at 31 December 2022, the total assets and net assets of Galaxy Capital were RMB1.511 billion and RMB1.189 billion, respectively. In 2022, it achieved operating revenue and net profit of RMB129 million and RMB41 million, respectively.
3. Galaxy International Holdings has a registered capital of HK\$7.0 billion, in which the Company holds 100% equity interest. It is primarily engaged in the provision of securities and futures brokerage, research and analysis, investment banking, margin trading, asset management, wealth management, foreign exchange trading and derivatives, etc. in regions and countries, such as Hong Kong, Singapore, Malaysia, Indonesia, Thailand, South Korea, the United Kingdom through a number of wholly-owned subsidiaries and non-wholly-owned subsidiaries in Hong Kong, including 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 2022, the total assets and net assets of Galaxy International Holdings were RMB32.870 billion and RMB6.454 billion, respectively. In 2022, it achieved operating revenue, net profit and net profit attributable to the Company of RMB1.803 billion, RMB18 million and RMB18 million, respectively.
4. Galaxy Jinhui has a registered capital of RMB1.0 billion, in which the Company holds an equity interest of 100%. Its primary business is securities asset management. According to the financial statements prepared in accordance with Chinese Accounting Standards for Business Enterprises, as at 31 December 2022, the total assets and net assets of Galaxy Jinhui were RMB1.601 billion and RMB1.350 billion, respectively. In 2022, it achieved operating revenue and net profit of RMB479 million and RMB13 million, respectively.
5. Galaxy Yuanhui has a registered capital of RMB5.0 billion (increase to RMB5.0 billion after business registration procedure in January 2023), in which the Company holds 100% equity interest. It is primarily engaged in proprietary equity or debt investment to enterprises, or investment in other investment funds related to equity and debt investment. According to the financial statements prepared in accordance with Chinese Accounting Standards for Business Enterprises, as at 31 December 2022, the total assets and net assets of Galaxy Yuanhui were RMB3.517 billion and RMB3.288 billion, respectively. In 2022, it achieved operating revenue and net profit of RMB411 million and RMB261 million respectively.



(ix) Structured Entities Controlled by the Company

As at 31 December 2022, the Group consolidated 55 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 2022, the above-mentioned structured entities incorporated into the scope of the consolidation recorded equity attributable to the Company of RMB30.096 billion.

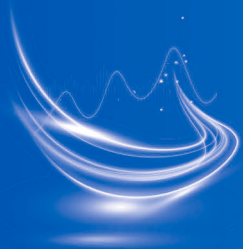
(x) Others

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

As at the End of the Reporting Period, the Company established 37 branch offices and 487 securities branches.

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

During the Reporting Period, the Company completed the closure of 14 securities branches in accordance with the Announcement on the Cancellation or Adjustment of Certain Administrative Review and Approval Items for Brokerage Firms (《關於取消或調整證券公司部分行政審批項目等事項的公告》), namely Mudanjiang Dongyitiao Road Securities Branch, Zhongwei East Gulou Street Securities Branch, Xiyang Xiacheng Street Securities Branch, Chenzhou East Renmin Road Securities Branch, Lingshi South Xiaohe Road Securities Branch, Huai'an Hongze Dongshi Road Securities Branch, Zhanjiang North Guanhai Road Securities Branch, Zhanjiang Leizhou Xihu Avenue Securities Branch, Jiangyin Zhouzhuang South Shiji Avenue Securities Branch, Fuzhou Qunzhong Road Securities Branch, Hefei Yungu Road Securities Branch, Shenzhen Baoan Haixiu Road Securities Branch, Chongqing Ba'nán District Securities Branch and Mojiang Shuangbao Avenue Securities Branch.



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

(2) Relocation of branch offices and securities branches

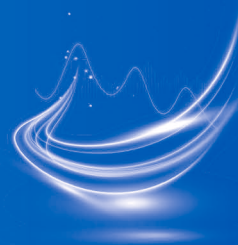
The Company has constantly adjusted and optimised the distribution of its branches. During the Reporting Period, the Company relocated a total of 48 branches within the same city, including two branch offices and 46 securities branches, namely Jiangsu Branch Office, Beijing Branch Office, Nanjing Yanshan Road Securities Branch, Chongqing Liangjiang Securities Branch, Sanming North Xinshi Road Securities Branch, Fuzhou Hudong Road Securities Branch, Beijing Shuangjing Securities Branch, Changsha North Shaoshan Road Securities Branch, Qiqihar Longhua Road Securities Branch, Baiyin Hongxing Road Securities Branch, Yudu Gongjiang Avenue Securities Branch, Jieyang North Linjiang Road Securities Branch, Xiamen Tapu East Road Securities Branch, Zhuji Dongwang Road Securities Branch, Zhongshan Torch Development Zone Dezhong Securities Branch, Zhaoqing Xinghu Avenue Securities Branch, Shenyang Hekang Street Securities Branch, Huaihua Middle Yingfeng Road Securities Branch, Shenzhen Longhua Securities Branch, Hangzhou West Jiangbin Avenue Securities Branch, Beijing Cuilin Road Securities Branch, Zhuanghe Shiji Street Securities Branch, Huizhou Danshui Securities Branch, Shenzhen Universiade Center Securities Branch, Shenzhen Shenzhen Bay Securities Branch, Shanghai Huangpu District Mengzi Road Securities Branch, Dongguan Humen Avenue Securities Branch, Hangzhou Shuanglong Street Securities Branch, Dalian Xinkai Road Securities Branch, Xiamen Middle Hubin Road Securities Branch, Hangzhou Fengtan Road, Longgang Dragon Mansion Securities Branch, Shanghai Fengxian District East Huancheng Road Securities Branch, Xiaoyi Fuqian Street Securities Branch, Shenzhen Guangming Securities Branch, Nanchang Honggutan New Area Securities Branch, Qujing South Qilin Road Securities Branch, Longyan Lianhuajiyuan Securities Branch, Suzhou Yueliangwan Road Securities Branch, Ningbo Beilun South Zhonghe Road Securities Branch, Shanghai Minhang District Humin Road Securities Branch, Suzhou Sanxiang Road Securities Branch, Leshan Ruiyun Road Securities Branch, Ningbo Beilun South Zhonghe Road Securities Branch, Xiamen Free Trade Financial Center Securities Branch, Xingtai North Shoujing Road Securities Branch, Zhongshan Xingwen Road Securities Branch and Binzhou Huanghe 5th Road Securities Branch.

2. Introduction to account regulation

During the Reporting Period, the Company further implemented the long-term mechanism of standardised management of accounts of clients to carry out centralised verification of account information and centralised management of images in strict compliance with the requirements of the mechanism, 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 standardisation business.

During the Reporting Period, there was no risk disposition account under the branches, and the Company's original unqualified accounts were standardised in an orderly manner. As at the End of the Reporting Period, the Company had two unqualified fund accounts, no new petty dormant account, and 9,625 reactivated petty dormant fund accounts. There were 1,786 unqualified fund accounts and 2,546,570 petty dormant fund accounts as at the End of the Reporting Period (including 535,685 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 300 fund accounts judicially frozen, an increase of 7 accounts.

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION



3. Business innovation and risk control during the Reporting Period

During the Reporting Period, the Company actively made innovations in business and received approval to engage in the businesses of market making trading of listed securities and market making of stock options and so forth.

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 in 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 subject to the hierarchical risk limit management system of the Company with corresponding risk control indicators and thresholds set in line with its risk characteristics to quantify and manage the risk of innovative business; and necessary personnel and system support are guaranteed commensurate with the business needs, the reasonable allocation of human resources, the establishment and improvement of business and risk management systems that lay a ground for safe operation of innovative business.

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

After the innovative business is launched and put into operation, it is incorporated into the Company's daily risk management system for risk measurement, monitoring, assessment and reporting. The Company attaches great importance to risk process management, continuously keeps track of the risk trend, and takes timely measures to deal with the abnormal risk identified. In the operation process of innovative business, the Company constantly assessed whether each of its risk control measures was in line with the risk characteristics of its business and 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.



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

III. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY

(i) Industry Landscape and Trend

In 2023, global economic growth is expected to slow down, and the financial market will become more volatile due to complicated international macro situation, geopolitical conflicts, energy and food crises and other factors. China's economy has high resilience, sufficient potential and room for manoeuvre, and the long-term economic fundamentals will remain sound and unchanged. In particular, as the coordination of various macro-control policies promote high-quality development, the Chinese economy will see a steady recovery, and the investment value and upward momentum of the capital market will constantly increase. Meanwhile, the further establishment of a multi-level capital market system and the continued release of benefits from capital market policies will increase expectations on stability and recovery of the stock market. Fund assets and the issuance share of financial products are expected to rise. Investment banking will see new business development opportunities during the gradual implementation of the comprehensive registration system. As for wealth management business, there will be good opportunities to increase the allocation of financial assets. The securities industry as a whole is improving, and business benefits will be released.

(ii) Development Strategy of the Company

During the Reporting Period, the Company formulated the 2023-2025 Strategic Development Plan. On the basis of a comprehensive review of the implementation of the 2018-2022 Strategic Plan, the Company closely integrated its development with the service of national strategies, followed the logic of industry development, coordinated the Company's resources, and drew up a blueprint for reform and development. The new strategic plan was formulated based on the corporate mission of "serving the country with finance and putting clients first". With the vision of "becoming a 'leader' in wealth management for residents, a 'service provider' for the real economy, an 'escort' for institutional clients, a 'promoter' of the dual-loop pattern, and a 'model' for the capital market", the Company formulated the long-term strategic goal of "building a modern investment bank that is respected, leading in China, and first-class in the world", and upheld the customer-centric philosophy, to promote the Company towards a comprehensive, all-round investment bank. The new strategic plan follows five strategic principles: First, insist on the leadership of the CPC and fully meet the political and people's needs at financial work; Second, insist on serving the real economy and continue to strengthen the mission of the "national team" of the securities industry; Third, insist on high quality development and enhance the core competitiveness of the Company; Fourth, insist on comprehensive and balanced development, and accelerate the construction of modern investment banks; Fifth, insist on strict compliance with the bottom line of risk control, and always ensure the stability of the future development.

On the basis of thorough discussion, the new strategic plan proposes to create a "five plus one" business model and a "three plus one" institutional mechanism. The "five" in the "five plus one" business model means to become a financial advisor around the people, an investment banking specialist trusted by entrepreneurs, a full-service provider relied on by institutional clients, an integrated service provider in the international market, and a professional investment dealer in the capital market. The "one" in the "five plus one" business model means the joint provision of integrated financial services by parent and its subsidiaries. The "three" in the "three plus one" institutional mechanism means marketisation, platformisation and digitisation. The "one" in the "three plus one" institutional mechanism means comprehensive collaboration. The "five plus one" and "three plus one" are key measures taken by the Company for its strategic planning, initiatives for competition based on current situation and the Company's resources, and valuable consensus reached after discussions of its strategic planning by the Company. This plan cohesively crystallizes the wisdom of all the cadres and employees. It is hoped that under the unified leadership of the Company's Party Committee and through the relentless efforts of all staff, the Company will become a modern investment bank with relatively balanced business development, outstanding business strengths and important license qualification, and capable of providing integrated financial services to domestic and foreign customers in an efficient and agile manner three years later; a modern investment bank, possessing a high standard of organizational structure, systems and processes, incentive mechanisms, financial technology and risk control systems, with better operational risk capabilities and corresponding fault tolerance mechanisms; a modern investment bank, for which employees are proud to serve because of its good career prospects and an excellent working environment and where they can continue to grow and realize their self-worth; and a modern investment bank, with good political ecology and excellent

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION



corporate culture, which always resonates with the development of the nation, practices the concept of “serving the country with finance and putting clients first”, and strives to create value for customers. On this basis, the plan puts forward six key safeguards and support measures: capital planning, organizational structure, talent team, technology empowerment, internal control system, and corporate culture. With “party leadership” as the political guarantee for the implementation of the strategic plan, the Company strengthens organizational leadership, clears duty performance, and enhances implementation evaluation to ensure the effective implementation of the plan, in order to truly realize the transformation of a traditional brokerage firm into a modern investment bank.

(iii) Operational Plans

The year 2023 marks the first year of the Company’s three-year strategic development plan. The Company, guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly studied and implemented the spirit of the Party’s 20th National Congress, resolutely acted on the major decisions and plans by the CPC Central Committee and met the requirements put forward at the Central Economic Work Conference and by the Party committee of China Investment Corporation. It will focus on bolstering the high-quality development and serving national strategies during the “14th Five-Year Plan” period, strictly adhere to the financial essence of serving the real economy and undertake the mission of ensuring residents’ wealth preservation and appreciation. Led by strategies to be implemented, the Company will strive for all-round and balanced development, hold the bottom line of no material risks, comprehensively enhance the core competitiveness and sustainable development, aiming to achieve the goal of becoming a modern investment bank.

Specifically, in respect of wealth management business driven by fintech, measures will be taken to improve the ability to acquire clients among small and medium-sized investors and the value contribution, optimise the client classification service system, take advantage of the full chain covering financial product allocation and investment advisory services to cater to the investment and service needs of high-net-worth clients, and increase the number of such clients. Regarding investment banking business, the Company will deepen its efforts in key industries, upgrade products from every aspect, step up regional presence, comprehensively implement the business coordination mechanism, optimise collaborative support, and enhance its integrated service capability for strategic clients. It will pay close attention to capacity building, make up for deficiencies as soon as possible, and expand its businesses. As for institutional business, actions will be taken to optimise the chainwide services, further improve systems, strengthen the quality and quantity of research, upgrade research products, explore specialised research fields, enhance innovation capacity building and system establishment, and provide investors with more investment and risk management tools. In investment trading business, the Company will strengthen research on the interest rate market, comprehensively monitor risks, actively promote the development of innovative businesses, expand market-making business, and improve the quality of market-making projects, striving to improve the integrated financial service capability. As far as international business is concerned, multiple measures will be taken to strengthen the construction of a core holding platform, set up a domestic and overseas integration mechanism, and strengthen the establishment of middle and back platforms for international business, with a view to making new progress in cross-border business and conducting integration from various aspects in the post-M&A era. The Company will strive to optimize the “three plus one” management system. With a focus on “synergy” and “revenue generation”, domestic subsidiaries will fully implement market-oriented management principles at the “same horizontal line”, strengthen business synergy and resource matching between subsidiaries and the Company, strengthen the penetrating management system, match resources in terms of capital, manpower and assessment, and fully support subsidiaries to become bigger and stronger and increase their revenue and profit contribution. The Company will focus on promoting deep integration between financial technology and business development. It will increase system supply, solidify digital infrastructure, strengthen the middle-office capabilities, enhancing front-end system synergy, connecting customers, employees, products and services on an end-to-end platform, and promoting online, automated and intelligent business and management processes. By establishing a sound data governance and data asset management system, the Company will strengthen the prevention of financial technology risks and build a deep security defense system. It will enhance the level of financial technology independence and control by steadily promoting the transformation of ITAI and increasing independent research and development efforts. The Company sticks to sustainable and high-quality development, actively contributes to building an ecological civilisation system as stated in the 14th Five-Year Plan, operates green investment and financing, green research



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

and other businesses based on the ESG concept, and guides various resources and funds into enterprises undergoing low-carbon transformation and industries pursuing sustainable development, so as to better fulfill the original mission of serving the real economy.

(iv) Potential Risks

By focusing on the two major objectives of constant enhancement of risk management ability and effective prevention and control of significant risks, the Company continuously established and improved the risk management system, with the focus on the optimisation of risk prevention and control mechanisms, including risk management of over-the-counter derivatives, negative list management and asset risk level classification management. Closely monitoring the market to strengthen risk monitoring and analysis, it strengthened forward-looking research and judgment, and evaluated and reviewed the risk appetite by combining different means like stress tests. It increased 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 continuously deepened the comprehensive “penetrating, full coverage” group risk management. It strengthened risk assessment, screening and control of emergencies, key areas and key businesses to effectively address the risk challenges of sharp market fluctuations. During the Reporting Period, the Company generally kept risks under control and no significant risks arose.

1. Major risks affecting the operations of the Company

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

(1) Market risk

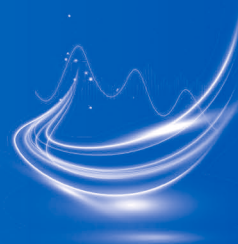
Market risk refers to the risk of the potential or actual loss incurred by the Company due to the fluctuation of the fair value or future cash flows in respect of financial instruments held or to be held by the Company resulting from the adverse changes in securities price, interest rate and currency rate, including securities price risk, interest rate risk and currency rate risk. Market risk is mainly measured by professional indicators such as sensitivity and VaR, and managed through measuring, monitoring and dynamically adjusting the limit indicators by setting risk limits such as risk exposure, scale, concentration level, limit of loss, sensitivity and value at risk (VaR). As at the End of the Reporting Period, the VaR (1D, 95% – referring to 1 day, 95% confidence interval) of the Group amounted to RMB215 million.

① Securities price risk

Securities price risk refers to the risk of the loss incurred by the Company's positions caused by the fluctuation of the fair value or future cash flows in respect of financial instruments due to the changes in 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 investment and market-making business. In order to control such risks effectively, the Company mainly adopted the following measures. Firstly, it made use of financial derivatives such as futures and options to carry out effective risk hedging. Secondly, it implemented stringent risk limit management to effectively control indicators such as risk exposure, scale, concentration level, limit of loss, VaR and sensitivity, and conducted risk monitoring, measurement, analysis and reporting for indicators such as risk limits to identify and deal with risks in a timely manner as well as adjusted the risk limits on a regular basis or from time to time after taking into account changes in the market, business operation and risk characteristics, thereby coping with the potential changes in risks; Thirdly, it adopted

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION



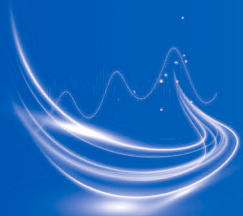
quantitative analysis to assess risks in a timely manner, and carried out dynamic and forward-looking assessment of risks of the securities portfolio by adopting scenario analysis, sensitivity analysis, risk performance attribution, stress tests and other methods.

② Interest rate risk

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

③ Exchange rate risk

Exchange rate risk refers to the risk of the loss incurred by the Company's positions held due to the adverse fluctuation in exchange rates. Currently, the Company settles most of its transactions in RMB. With the gradual expansion of its international business and cross-border business as well as the progress in the internationalisation of RMB, the exchange rate risk facing the Company will increase gradually. Currently, the Company mainly adopts reasonable and effective measures such as hedging with foreign exchange derivatives and setting exchange rate exposure limits to manage its exchange rate risk.



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

(2) Credit risk

Credit risk refers to the risk of incurring losses resulting from the failure of the borrower or counterparty to timely fulfill its contractual obligations. The Company managed credit risk mainly by evaluating credit risk in advance and following up credit risk afterward. In the pre-evaluation phase, the Company constantly improved the internal credit rating system, strengthened credit management, optimised the system of credit risk limits and 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. During the duration management, the Company regularly evaluated and monitored the credit risk, continuously traced significant events that would affect clients' credit, adjusted the credit limit in a timely manner based on clients' credit status; constantly enhanced the ability in credit risk measurement and closely monitored the exposure to credit risk; carried out regular risk screening, strengthened risk classification and management, and 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.

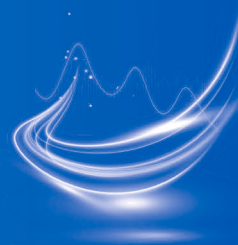
During the Reporting Period, the Company's credit risk preference for bond investment remained relatively stable. The investors of credit bonds were mainly central-government-controlled enterprises and state-owned enterprises, with AA+ level or above accounting for approximately 94.11 percent, and the credit rating was generally high and the default risk was low. As at the End of the Reporting Period, the Company saw an average maintenance margin of 256 percent for its margin trading clients with outstanding liabilities, and an average maintenance margin of 282 percent for its stock pledged repurchase clients with outstanding liabilities. The overall credit risk facing the Company was within the acceptable range.

(3) Liquidity risk

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

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

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



(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 mainly adopted the following measures: continuously improving operational risk management mechanism; establishing a sound operational risk management system; setting up an organisational structure for operational risk management with clear rights and responsibilities, and implementing operational risk management responsibilities to specific business processes and posts; developing operational risk awareness of all staff and building operational risk management culture for all staff participation; using the three management tools of operational risk control and self-assessment (RCSA), key risk indicator (KRI) and loss data collection (LDC), achieving closed-loop management before, during and after events through the establishment of a linkage mechanism among the three tools; establishing a system to identify, measure, monitor and report operational risks, managing operational risks in a hierarchical manner, and requiring all relevant units to formulate action plans and rectify operational risk incidents at medium and higher levels, key risk indicators which exceed the threshold or processes with residual risks at medium and higher levels; and establishing a work coordination mechanism covering internal control and monitoring departments to realise the sharing of risk data and monitoring results on system platforms, thereby improving the internal control linkage and work quality and efficiency, and promoting the improvement of the internal control system via the management of operational risks.

(5) Cybersecurity risk

Cybersecurity risk refers to the risks involved in availability or integrity of data generated by the use of information and communications 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 cybersecurity risks, the Company mainly adopted the following measures: establishing and improving a cybersecurity management system, carrying out a cybersecurity responsibility system, making full use of various technologies, and building a cybersecurity management 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, and office terminal control; 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 organising drills on a regular basis. During the Reporting Period, the overall cybersecurity risk facing 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

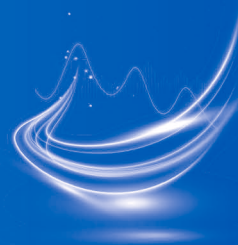
The Company always attaches great importance to risk management, constantly improves the risk management system, strengthens the application of risk management methods and tools, promotes the establishment of risk management information systems, implements whole-process risk management, and further deepens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

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

The Company's Board of Directors and 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, require leaders to deepen the Group's comprehensive risk management, continuously improve the risk management environment, enhance risk management, and improve the level of risk management. The Company has established and implemented the Group's risk appetite, optimised the hierarchical risk limit system based on the needs for business development and risk management, improved the procedures of risk management mechanism, strengthened the T+1 risk measuring and monitoring, constantly optimised the risk reporting system, strengthened publicity and training on risk management culture, and practically implemented the vertical risk management of subsidiaries, in order to effectively deepen the establishment of a risk management system with "full coverage and penetration" across the Group.

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

The Company increased resources in strengthening risk assessment and measurement, enhancing the application of risk management methods and tools, thoroughly identifying risks in a timely manner, prudently assessing various types of risks, constantly monitoring risks, actively taking effective measures to deal with risks, and reporting risks in a timely and all-round manner. During the Reporting Period, the Company strengthened the development of complex risk measurement models and algorithms for OTC derivatives, and measured risk indicators for snowballs, Greeks, VaR, stress test loss, etc. to increase the accuracy and efficiency of risk measurement. Constant efforts were made to optimise the asset realisation model, cash flow model, stress test and other models to improve the capabilities to measure and evaluate the Company's liquidity risk indicators. It applied the model for macro scenario stress tests and the one for corresponding risk transmission to enhance forward-looking risk research and judgement. It pushed forward with the establishment of a market risk management system to make risk management more targeted and effective. Continued efforts were made to facilitate the establishment and application of the internal credit rating system, improved the measurement of impairment for margin financing business, optimise the risk warning model and system, deepen risk management of the same client and the same business, improve the negative list management mechanism and establish the asset risk level classification management system. It continuously improved the operational risk management mechanism, strengthened the assessment on front-end operational risks associated with new businesses and products, promoted the full coverage of RCSA in key business processes, increased the effectiveness of KRI, established a linkage mechanism between LDC and RCSA, and enhanced the quality and efficiency of operational risk management tools.



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

Leveraging the “data middle platform”, the Company built the Group’s risk data mart and supported the centralised integration and standardised control of the Group’s risk data, so as to achieve a comprehensive, timely and accurate acquisition and management of the various risk data of its parent and subsidiaries. On this basis, it built a professional risk management system cluster to improve the information, automation, and intelligence of risk management, providing comprehensive support for risk measurement, monitoring, warning, reporting, and so on. It also built a comprehensive risk management platform, consolidated the results of various professional risk management systems, and realised the Group’s risk information aggregation and multidimensional displays and reports. As at the End of the Reporting Period, the Company has built a group-level risk data mart, a market risk measurement platform, an internal credit rating system, an operational risk management system, a risk monitoring system for margin financing business, a liquidity risk management system, a consolidated financial statement management system, an economical capital measurement system, and comprehensive risk management platform, etc. The proportion of spending on independent research and development was enhanced, and the establishment and function enhancement of various risk management systems was steadily advancing, effectively supporting the risk management of the Group.

(4) Implementing whole-process risk management

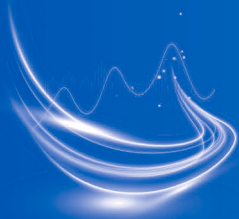
The Company applies risk management to the entire business process, and the measures include the performance of risk assessment before launching business, the design of risk control process, risk control indicator and threshold setting and risk management supporting system, and the construction of corresponding risk monitoring information system. Apart from that, pre-assessment and audit in the course of business, in-process risk measurement, independent monitoring, risk screening and risk reporting are conducted in addition to the post-incident risk assessment 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 risks facing subsidiaries in basic systems, important quotas, major investment decision-making, new business and new products has effectively controlled the key risks for subsidiaries. Subsidiaries at all levels were incorporated in the consolidated risk management system of the Group. 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 posts in subsidiaries, such as chief risk officer. In addition, the Group assigned key personnel in overseas subsidiaries to ensure the effective operation of the vertical risk management system of subsidiaries.

3. Compliance and Risk Control Expenditure

According to the financial statements prepared in accordance with the PRC Accounting Standards for Business Enterprises, in 2022, the Company’s compliance and risk control expenditure amounted to RMB577 million, accounting for 3.06 percent of the Company’s revenue in 2021. Information technology investment amounted to RMB1.152 billion, accounting for 6.10 percent of the Company’s revenue in 2021.



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

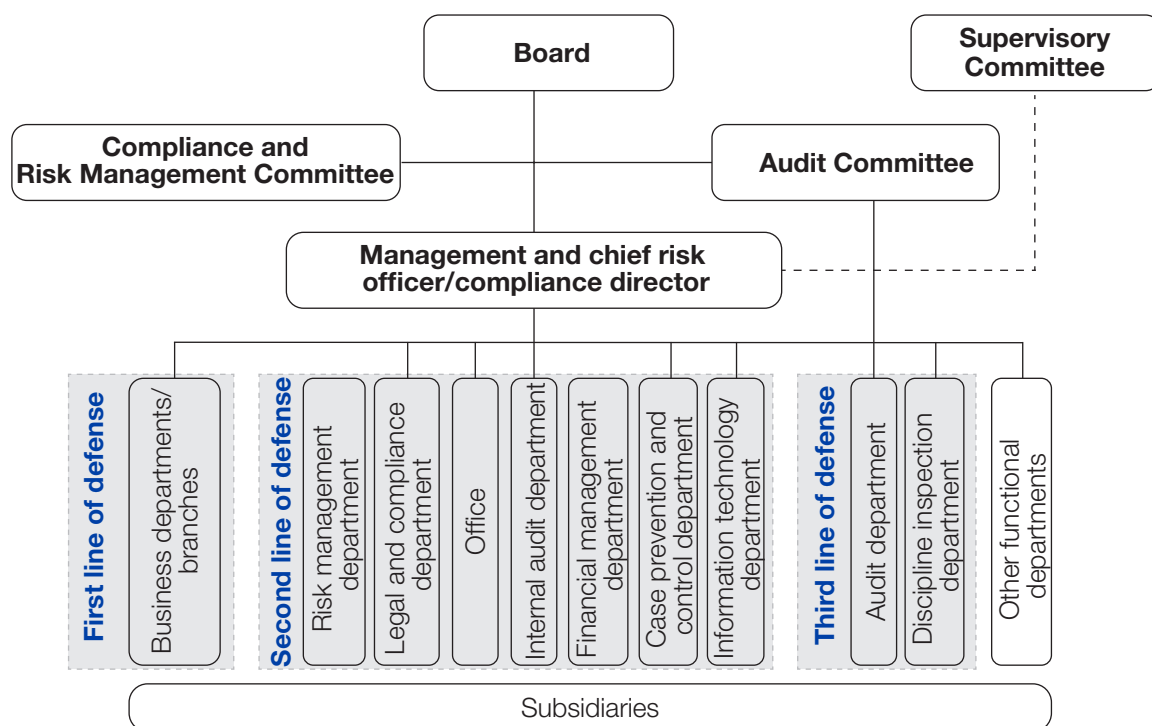
(v) Dynamic Risk Control Indicator Monitoring and Top-up Mechanism Establishment

The Company established a sound risk control indicator management mechanism and formulated the Management Measures for Risk Control Indicators of the Company to standardise the management of risk control indicators from a system perspective. The Company established and continuously optimised the dynamic monitoring system for risk control indicators to conduct dynamic monitoring and analysis of risk control indicators and give an early warning, through which it can report and deal with various abnormalities in a timely manner, so as to ensure that all risk control indicators always meet the regulatory requirements. In 2022, the Company's net capital remained robust and various risk control indicators met regulatory standards.

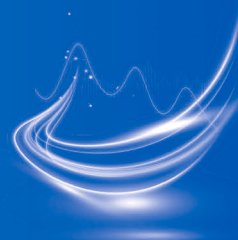
In 2022, the Company strengthened asset-liability matching management, ensured safe liquidity, reasonable asset pricing, and optimised asset allocation, and strove to improve its asset-liability management level. The Company established a dynamic top-up mechanism and made long-term top-up plans for net capital. The Company raised short-term capital to increase its liquidity coverage by issuing income certificates and short-term commercial papers, etc. It replenished the long-term available stable fund to increase the net stable fund rate through the issuance of long-term corporate bonds and subordinated debts, etc. When the capital adequacy target continued to fall or there were potentially significant adverse factors, the Company could initiate the financing plan at an appropriate time based on the market conditions to guarantee the level of capital adequacy. As at the end of 2022, the Company issued 6 long-term subordinated debts and 3 perpetual bonds to replenish net capital of subsidiaries with RMB19.999 billion. During the Reporting Period, the Company's net capital and other risk control indicators met the relevant regulatory requirements.

(vi) Establishment of Risk Management System

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



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION



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

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

(1) Compliance and Risk Management Committee

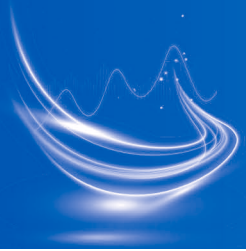
The Compliance and Risk Management Committee is responsible for assisting the Board of Directors in formulating strategies, policies and the basic risk management and internal control systems of the Company. The Risk Management Committee proposes the Company's overall risk appetite, evaluates events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

(2) Audit Committee

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

2. ***Supervisory Committee***

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



SECTION IV DISCUSSION AND ANALYSIS ON OPERATION

3. *The Management*

The management is primarily responsible for risk management and performs risk management duties according to the authorisation given by the Board of Directors, which includes: ① formulating risk management systems and adjusting them timely; ② establishing and developing a sound corporate risk management structure; ③ setting risk appetite, risk tolerance and limits for major risks and ensuring their effective implementation; ④ regularly assessing the overall risk of the Company and the management status of key risks, solving existing issues in risk management and reporting to the Board of Directors; ⑤ establishing an appraisal system for all employees which includes the effectiveness of risk management; ⑥ establishing a comprehensive IT system and data quality control system; and ⑦ performing other functions of risk management.

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

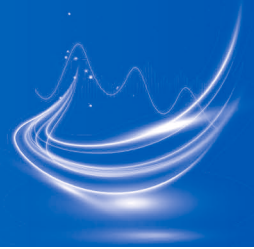
4. *Departments, branches and subsidiaries*

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

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

SECTION IV DISCUSSION AND ANALYSIS ON OPERATION



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

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

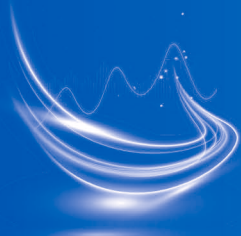
The internal audit department shall conduct export management and terminal risk control for investment banking projects in the form of company-level audit; and shall perform the final approval and decision-making responsibilities of submitting, reporting, issuing or disclosing materials and documents 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 brokerage firms.

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



SECTION V DIRECTORS' REPORT

I. THE COMPANY'S PRINCIPAL BUSINESSES AND BUSINESS OVERVIEW

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

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

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

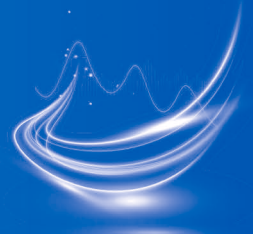
For details of the Company's relationships with its employees and clients and others that have a significant impact on the Company, please refer to "Section VIII Directors, Supervisors, Senior Management and Staff – VI. Staff and Remuneration" in this report and "XV. Other Disclosures – (vi) Major clients and suppliers and (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.

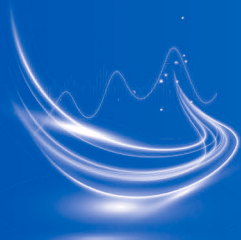


The Company expressly formulated profit distribution policies, including cash dividend policy, based on the following principles in the Articles of Association: The Company shall attach high importance to the return to investors and distribute dividends to Shareholders on a yearly basis in a fixed proportion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

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

Number of bonus shares for every 10 shares (share)	0
Dividends paid for every 10 shares (RMB) (tax inclusive)	2.30
Number of shares to be converted into share capital for every 10 shares (share)	0
Cash dividend (RMB) (tax inclusive)	2,331,574,325.48
Net profit attributable to ordinary shareholders of the listed company in the consolidated statements of the year with dividend distribution (RMB)	7,760,543,696.79
Percentage of net profit attributable to ordinary shareholders of the listed company in the consolidated statements (%)	30.04
Cash dividend from share repurchases in cash (RMB)	0
Total dividend (RMB) (tax inclusive)	2,331,574,325.48
Percentage of total dividend to net profit attributable to ordinary shareholders of the listed company in the consolidated statements (%)	30.04

Note: Given that the Company's A share convertible bonds are in the conversion period and assuming that the profit distribution is based on the total share capital of 10,137,279,676 shares as at the end of 2022, cash dividend per 10 shares will be RMB2.30 (tax inclusive), with the total cash dividend of RMB2,331,574,325.48. In case of any changes in the total share capital of the Company on the record date by reason of placing, repurchase or A Shares conversion of convertible bonds into ordinary shares, the amount of cash dividend per share will be adjusted accordingly, up to a total of RMB2,331,574,325.48 (tax inclusive).



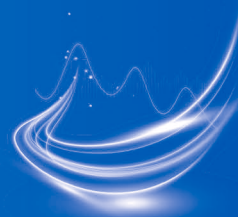
SECTION V DIRECTORS' REPORT

Based on the undistributed profits of the Company amounting to RMB24,380,347,881.81 at the end of 2021, plus net profit of RMB7,394,723,861.83 achieved by the Company in 2022 and less cash dividends of RMB3,142,550,214.67 in the 2021 profit distribution plan implemented by the Company in 2022 plus other comprehensive income carried over to retained earnings of RMB-436,549,364.97, the distributable profit of the Company for 2022 amounted to RMB28,195,972,164.00. 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 RMB2,174,762,222.05, and deducting the interest expense for perpetual bonds of RMB683,500,000.00 from the net profit in 2022, the profit available for distribution to investors as at the end of 2022 amounted to RMB25,337,709,941.95.

Taking into account of the Company's long-term development and the interests of investors, the Company proposes to distribute a cash dividend of RMB2,331,574,325.48 (tax inclusive) for 2022, accounting for 30.04% of net profit attributable to owners of the Company in the consolidated statements for the year of 2022. Based on the total share capital of 10,137,279,676 shares as at the end of 2022, cash dividend per 10 shares will be RMB2.30 (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, repurchase or conversion of convertible bonds into ordinary shares, the amount of cash dividend per share will be adjusted accordingly, up to a total of RMB2,331,574,325.48 (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 small and medium investors. The 2022 profit distribution plan of the Company was adopted at the 16th (regular) meeting of the fourth session of the Board of Directors, subject to the approval at the general meeting.

Subject to approval of the resolution relating to the 2022 profit distribution plan at the 2022 annual general meeting, the cash dividends will be distributed within two months from the date of the 2022 annual general meeting (which will be no later than 31 August 2023). The cash dividends will be denominated and declared in RMB, and paid in RMB and in Hong Kong dollars to holders of A Shares and holders of H Shares, respectively. The actual amount distributed in Hong Kong dollars will be calculated based on the average benchmark exchange rate of RMB against Hong Kong dollars to be announced by the People's Bank of China for five working days prior to the date of the 2022 annual general meeting of the Company.

The Company will announce in due course the date of the 2022 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 2022 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.



III. ISSUANCE OF BONDS

(i) Issuance of bonds during the Reporting Period

- (1) As at 31 December 2022, the Company's issued subordinated bonds amounted to an aggregate principal amount of RMB40.855 billion, and such bonds were listed on the SSE. Details are set out as follows:

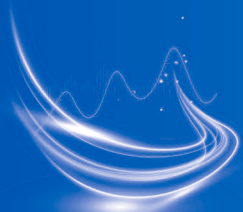
Type of shares and other derivative instruments	Date of completion of issuance	Issue price (or interest rate)	Issue amount (RMB100 million)	Listing date	Trading amount approved to be listed (RMB100 million)	Maturity date
19 Galaxy C2	2019/1/30	4.05%	40	2019/2/20	40	2022/1/30
19 Galaxy C4	2019/2/27	4.20%	34	2019/3/12	34	2022/2/27
19 Galaxy 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
22 Galaxy C1	2022/1/18	2.97%	10	2022/1/24	10	2024/1/18
22 Galaxy C2	2022/1/18	3.15%	30	2022/1/24	30	2025/1/18
22 Galaxy C3	2022/3/21	3.38%	10.55	2022/3/24	10.55	2025/3/21
22 Galaxy C4	2022/8/8	2.46%	17	2022/8/12	17	2024/8/8
22 Galaxy C5	2022/8/8	2.72%	33	2022/8/12	33	2025/8/8
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 subordinated bonds and perpetual subordinated bonds were utilised 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.



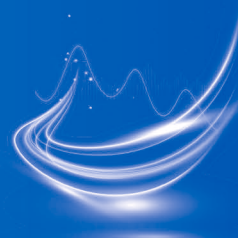
SECTION V DIRECTORS' REPORT

- (2) As at 31 December 2022, the Company's non-publicly issued corporate bonds amounted to an aggregate principal amount of RMB55.00 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
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 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
22 Galaxy F1	2022/6/8	3.06%	50	2022/6/14	50	2025/6/9
22 Galaxy F2	2022/7/26	2.60%	20	2022/7/29	20	2024/7/26
22 Galaxy F3	2022/7/26	2.83%	20	2022/7/29	20	2025/7/26

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

SECTION V DIRECTORS' REPORT



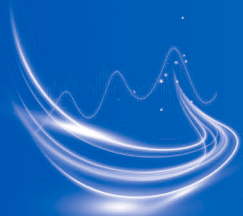
- (3) As at 31 December 2022, the Company's publicly issued corporate bonds amounted to an aggregate principal amount of RMB32.500 billion, and such corporate bonds were listed on the SSE. Details are set out as follows:

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
20 Galaxy G2	2020/10/23	3.70%	30	2020/10/30	30	2023/10/23
20 Galaxy G3	2020/11/27	3.80%	40	2020/12/4	40	2022/11/27
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
22 Galaxy G1	2022/4/26	2.95%	15	2022/5/5	15	2025/4/26
22 Galaxy G3	2022/8/11	3.08%	50	2022/8/17	50	2027/8/11
22 Galaxy G4	2022/9/5	2.54%	10	2022/9/9	10	2025/9/5
22 Galaxy G5	2022/9/5	2.95%	40	2022/9/9	40	2027/9/5

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

- (4) As at 31 December 2022, the Company's publicly issued short-term commercial papers amounted to an aggregate principal amount of RMB67.900 billion, and such bonds were listed on interbank market. Details are set out as follows:

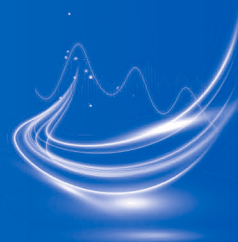
Type of shares and other derivative instruments	Date of completion of issuance	Issue price (or interest rate)	Issue amount (RMB100 million)	Listing date	Trading amount approved to be listed (RMB100 million)	Maturity date
21 Galaxy Securities CP0010	2021/9/27	2.68%	20	2021/9/28	20	2022/3/25
21 Galaxy Securities CP0011	2021/10/15	2.60%	30	2021/10/18	30	2022/1/14
21 Galaxy Securities CP0012	2021/10/28	2.75%	40	2021/10/29	40	2022/4/28
21 Galaxy Securities CP0013	2021/11/11	2.75%	34	2021/11/12	34	2022/8/11
21 Galaxy Securities CP0014	2021/11/18	2.76%	40	2021/11/19	40	2022/11/18
21 Galaxy Securities CP0015	2021/12/9	2.70%	30	2021/12/10	30	2022/12/9



SECTION V DIRECTORS' REPORT

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 CP0016	2021/12/16	2.70%	20	2021/12/17	20	2022/9/16
22 Galaxy Securities CP001	2022/1/12	2.50%	40	2022/1/13	40	2022/4/12
22 Galaxy Securities CP002	2022/2/24	2.39%	40	2022/2/25	40	2022/5/25
22 Galaxy Securities CP003	2022/3/8	2.39%	40	2022/3/9	40	2022/6/8
22 Galaxy Securities CP004	2022/3/24	2.53%	30	2022/3/25	30	2022/9/22
22 Galaxy Securities CP005	2022/4/14	2.33%	30	2022/4/15	30	2022/7/14
22 Galaxy Securities CP006	2022/5/23	2.29%	40	2022/5/24	40	2023/5/23
22 Galaxy Securities CP007	2022/6/22	2.37%	35	2022/6/23	35	2023/6/22
22 Galaxy Securities CP008	2022/7/12	1.95%	30	2022/7/13	30	2022/10/12
22 Galaxy Securities CP009	2022/7/19	2.25%	40	2022/7/20	40	2023/7/19
22 Galaxy Securities CP010	2022/9/16	1.62%	30	2022/9/19	30	2022/12/16
22 Galaxy Securities CP011	2022/10/13	2.08%	40	2022/10/14	40	2023/10/13
22 Galaxy Securities CP012	2022/12/14	2.55%	40	2022/12/15	40	2023/3/14
22 Galaxy Securities CP013	2022/12/22	2.70%	30	2022/12/23	30	2023/4/21

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



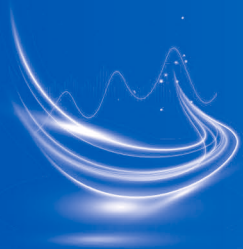
(5) Issuance of Convertible Corporate Bonds

1. *Issuance of A Share Convertible Bonds*

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

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

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



SECTION V DIRECTORS' REPORT

No guarantee was provided for the Company's issuance of the China Galaxy Convertible Bonds. The proceeds of issuance of the China Galaxy Convertible Bonds after deducting the issuance expenses amounted to approximately RMB7.735 billion, which are intended to be utilised for the development of investment trading business, capital intermediary business, capital increase in investment banking business and replenishment of other working capital of the Company, and will be used to replenish the capital of the Company in accordance with relevant regulatory requirements after the conversion of the China Galaxy Convertible Bonds.

2. Conversion of Convertible Bonds during the Reporting Period

Name of convertible corporate bonds	China Galaxy Convertible Bonds
Value of convertible bonds converted into shares during the Reporting Period (RMB)	9.93
Number of shares converted from convertible bonds during the Reporting Period (share)	20,919
Total number of shares converted from convertible bonds as at the End of the Reporting Period (share)	20,919
Percentage of total shares converted from convertible bonds to total shares issued by the Company before the conversion as at the End of the Reporting Period (%)	0.000206
Value of unconverted bonds as at the End of the Reporting Period (RMB)	7,799,791,000
Percentage of unconverted bonds to total convertible bonds issued as at the End of the Reporting Period (%)	99.997321
Number of issuable new shares as at the End of the Reporting Period	785,477,442

3. Utilisation of Proceeds from A Share Convertible Bonds

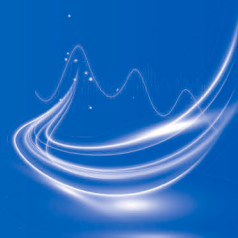
The net proceeds from the issuance of China Galaxy Convertible Bonds (net of issuance expenses) amounted to approximately RMB7.735 billion, the utilisation of which is as follows:

Unit: RMB 100 million Currency: RMB

Investment projects with the proceeds	Proposed investment amount (net proceeds)	Utilised amount as at the End of the Reporting Period
Investment trading business	30	30
Capital intermediary business	30	30
Investment banking business	10	10
Replenishment of other working capital	7.35	7.59

Note : As of the end of 2022, the cumulative investment amount (utilised amount) exceeded the net proceeds by RMB0.024 billion, which was the interest generated from the proceeds.

As at the end of the Reporting Period, all the proceeds raised from the issuance of China Galaxy Convertible Bonds had been fully utilised according to the expected schedule previously disclosed by the Company.



(ii) Bond financing activities after the Reporting Period

As at the date of disclosure of this report, the new bonds issued by the Company in 2023 are detailed as follows:

Name	Issue size (RMB100 million)	Use of proceeds	Value date	Maturity date	Term (year)	Interest rate (%)
2023 Subordinated Bond (Tranche 1) (Type 1) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	25.00	The proceeds will be used to replenish the working capital of the Company	13 January 2023	13 January 2025	2	3.58
2023 Corporate Bond (Tranche 1) (Type 1) of China Galaxy Securities Co., Ltd. Non-publicly Issued to Professional Investors	10.00	The proceeds will be used to repay matured corporate bonds	17 February 2023	17 February 2025	2	3.09
2023 Corporate Bond (Tranche 1) (Type 2) of China Galaxy Securities Co., Ltd. Non-publicly Issued to Professional Investors	30.00	The proceeds will be used to repay matured corporate bonds	17 February 2023	17 February 2026	3	3.28
2023 Corporate Bond (Tranche 2) (Type 1) of China Galaxy Securities Co., Ltd. Non-publicly Issued to Professional Investors	10.00	The proceeds will be used to repay matured corporate bonds	9 March 2023	9 March 2025	2	3.25
2023 Corporate Bond (Tranche 2) (Type 2) of China Galaxy Securities Co., Ltd. Non-publicly Issued to Professional Investors	32.00	The proceeds will be used to repay matured corporate bonds	9 March 2023	9 March 2026	3	3.35

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 of Directors. Each Director is eligible for re-election upon expiration of the term.

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



SECTION V DIRECTORS' REPORT

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 subsidiaries or holding company or a subsidiary of its holding company was a party and the purpose or one of the purposes of which was to benefit any Director, Supervisor, their respective spouses or any of their minor children under 18 years of age through acquisition of any shares or debentures of the Company or any other body corporation.

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

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

XI. MANAGEMENT CONTRACTS

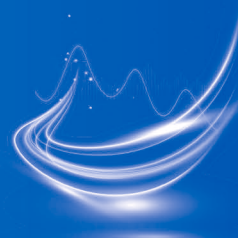
Except for employment contracts of employees, the Company did not enter into any contracts nor had any existing contracts in respect of all or any significant parts of management and administration of business of the Company during the Reporting Period.

XII. PERMITTED INDEMNITY PROVISION

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

XIII. EQUITY-LINKED AGREEMENT

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



XIV. MAJOR CONTRACTS BETWEEN THE COMPANY AND THE CONTROLLING SHAREHOLDER

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

XV. OTHER DISCLOSURES

(i) Pre-emptive rights

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

(ii) Sufficient public float

As at the latest practicable date (i.e. 29 March 2023) 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.

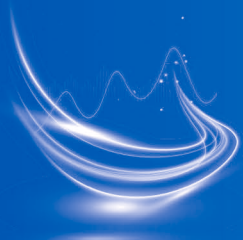
(iii) Reasons for and impact from changes of accounting policies, accounting estimation or correction of major accounting errors

Nil

(iv) Information on tax relief and exemption

Holders of A Shares

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



SECTION V DIRECTORS' REPORT

individual shareholders from listed companies in accordance with the requirements of the document numbered Cai Shui [2012] No. 85. For the shareholders of a resident enterprise, the cash dividend income tax shall be paid by the shareholders themselves.

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

Holders of H Shares

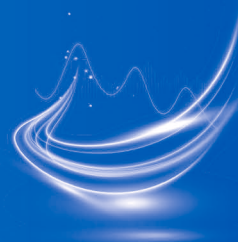
Pursuant to the Notice on Issues Concerning the Levy of Individual Income Tax Following the Abolishment of the Document Numbered Guo Shui Fa [1993] No. 045 released by the State Administration of Taxation (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), the dividend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

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

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

(v) Reserves and distributable profit reserves

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



(vi) Major clients and suppliers

The Company provides services for various types of institutional and individual clients in many industries. The clients of the Company include multinational corporations, small and medium-sized enterprises, high-net-worth clients and retail clients. Major clients are located in the PRC. The Company expects to serve more overseas clients as it expands to overseas markets. In 2022, the handling fee and commission income from the top five clients of the Company accounted for 2.05% of its revenue and other income.

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.

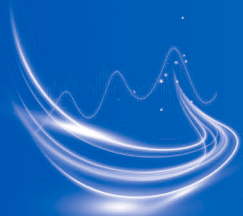
(viii) Active performance of social responsibilities

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 2022, the Company invested approximately RMB6.50 million in its pro bono assistance fund to help the poor households based on the advantages of local resources and actual needs of the place by taking into consideration the characteristics and strengths of financial enterprises, and continuously reinforced the leadership and protection of the local organizations, increasingly contributing to poverty alleviation.

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

In 2022, closely focusing on the theme of high-quality development, the Company built a closed-loop working mechanism of “political leadership, overall planning, assessment guidance, effective organisation and strong supervision”, and continuously deepened the “3+3+1” performance appraisal system to serve the national strategy, in a bid to boost the development of the real economy and promote the implementation of various requirements for serving the national strategy. Through innovative business models, the Company supported major regional construction, made every effort to implement external interconnection and interoperability, and built the brand of Galaxy to serve national strategies. The Company’s investment banking business increased its direct financing support for real enterprises, with a total equity and bond underwriting amount of RMB263.451 billion in 2022. It was shortlisted for 36 local government bond underwriting syndicates and underwrote RMB134.811 billion worth of local government bonds, a year-on-year surge of 190.99%. The amount of financing to support major regional development strategies was RMB227.533 billion, a year-on-year increase of 15.12%. The Company served 15 overseas equity financing projects with a total financing amount of RMB300 million and 91 overseas bond financing projects with a total financing amount of RMB113.9 billion.

The Company fully implemented the concept of green development, actively practiced responsible investment, developed innovative green financial products, carried out in-depth research and consulting practices, and consciously fulfilled its corporate environmental responsibility. Closely following the national strategy of green development, the Company has strengthened its position and seized the opportunity to continuously increase the allocation of resources for green finance, and actively explored innovation in product and service models to meet the diversified financing service needs of enterprises and projects, and fully play the role of linkage between financial capital and the real economy. In 2022, the Company launched the first green medium-term note for the green finance reform and innovation pilot zone, underwrote the first green automobile installment asset-backed securities, contributed to the launch of the first carbon capture, utilisation, and storage (CCUS) project in Inner Mongolia Autonomous Region, and launched the world’s first Asia Pacific low carbon ETF in Singapore that was listed on the Singapore Exchange Ltd and Shenzhen Stock Exchange.



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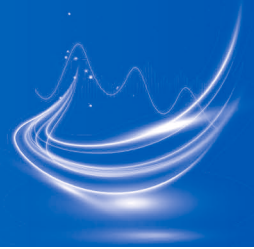
2. The Company actively promoted environmental protection concept and cultivated ecological civilization

The Company actively responded to the call on green development, low carbon and energy saving. The Company strictly abided by the Environmental Protection Law, the Energy Conservation Law and other laws and regulations of the country. It actively advocated the environmental protection idea in emissions, resources consumption and green travel and put them into action. It always implemented green operation in the whole process of the operation and management of the Company. The Company focused on the development of green finance. It optimized social resources allocation through financial means to help enterprises reduce capacities and transform towards the direction of sustainable development and facilitate the development of green industries. In 2022, the Company thoroughly reviewed the philosophy of green development and facilitated the realization of ecological civilization, and had no significant environmental protection problems and recorded no environmental lawsuits, significant punishment or non-economic punishment in connection with environmental problems.

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

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

(1) In terms of employment, the Company upheld the principles of open recruitment, fair competition, comprehensive appraisal and merit-based recruitment. The Company signed an Employment Contract with the staff employed strictly in compliance with the Labour Contract Law, set clear responsibilities and obligations between the Company and its staff and completely eradicated child labour and forced labour. Pursuant to the principles of "appropriate personnel, appropriate positions and reasonable allocation", the Company accepted one demobilised army cadre, introduced 276 talents from investment banking, wealth management, investment research, financial technology and other sectors through social recruitment in 2022. The Company headquarters issued 99 offers through the campus recruitment channel. 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.

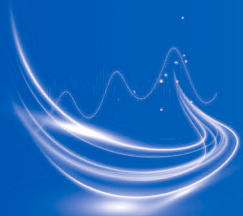


- (2) The Company stuck to putting people first, cared about the health and safety of its staff, optimized the staff training system and safeguarded their legitimate interests, creating room for individual growth of its staff. The Company's labor union focused on the macro development of the Company and considered the demands of employees as the ultimate work objective. It cared about the difficulties of employees in their living and paid attention to the exchange of ideas and communications with them. The Company established an employee representative meeting and employees actively participated in the Company's management through the employee representative meeting to conduct, safeguard their own legitimate rights and promote the improvement of the democratic management system of the Company. The Company also cared about the safety and mental health of employees in working and guarantees that employees could enjoy their work both physically and mentally.
- (3) The Company strictly abided by national laws and regulations on personnel and strived to improve relevant systems on human resources. In 2022, the Company made reference to the Measures for Management of Employee Benefits and Measures for Attendance and Leave Management of the Company to provide more protection of the employees' legitimate rights and interest and safeguard their development.

4. The Company strived to improve customer services

In 2022, 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 number of investment advisors amounted to 3,588 in 2022, an increase of 258 or 7.75% from the end of 2021. It served 251,900 clients in 2022, an increase of 30,900 or 13.98% from the end of 2021. The Company's high-net-worth clients had net assets of RMB55.8 billion.
- (2) The Company set up a leading group and working group for handling customer complaints to coordinate and manage complaints from brokers business clients. The Company also actively assumed the primary responsibility of mediating and dealing with conflicts and disputes for clients to properly deal with the special compensation work for clients. In 2022, 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 99.18% in 2022.
- (3) The Company provided customers with various trading tools. Customers could complete a transaction through Internet, mobile terminals (including mobile phones, tablets, etc.), telephone, counter and outlets trading terminals and other means. Currently, the Company is committed to improving customer experience continuously, diversifying products suitable for internet marketing, and providing the comprehensive financial services with characteristics of the Company and meeting individualized needs through the innovation in products, channels, services and marketing and the application of the Internet operating service concept.
- (4) The Company actively responded to the state's social responsibility requirements for financial institutions, which promoted the Company for transformation and development so as to effectively playing its role as a modern investment bank. Taking "serving the real economy" as its starting point and ultimate goal, the Company continuously improved its ability and level of serving the real economy and extended its comprehensive financial services capabilities at home and abroad.



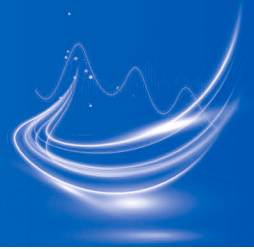
SECTION V DIRECTORS' REPORT

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

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

- (1) Enhancing communications between the Company and investors. In 2022, the Company focused on carrying out various forms of investor reception and communication activities to promote the interactive development of investor relations management and business. The Company managed investor relations activities by regular, periodic or dynamic category. It organised three press conferences for results announcement to all investors, conducted investor communication activities for nearly 100 participants, and held 11 research meetings with domestic and foreign analysts.
- (2) Compliance procurement. In accordance with the requirements of the Interim Provisions on the Centralized Procurement Management of State-owned Financial Enterprises, in 2022, 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 adopted various measures to ensure safe system operations and provide safe trading channel service. Currently, the Company has implemented a safe and efficient technical structure with “three centres in two regions” to ensure the safety of trading channels and environments. It has safeguarded the information system at different levels, classes and priorities by adopting a variety of security protection technical measures such as network isolation, firewall, anti-virus, intrusion detection system, database audit system and sensitive data desensitization, and regularly conduct security risk assessment and penetration testing to strengthen the security protection against computer viruses and network attacks. The Company also strengthened operation and maintenance monitoring and daily security inspection, established and improved emergency system for information security events and fully implemented information security responsibility system.
- (4) The Company actively carried out its social responsibilities of respecting and protecting rights and interests of investors and regarded investor protection as an important task for promoting the healthy development of the market. In 2022, the Company pragmatically promoted the protection of investors by improving the management of investors on appropriateness, increasing the efforts to crack down illegal fund-raising, preventing illegal securities activities, strengthening the education of small and medium-sized investors and other practical and effective measures.
- (5) Legal compliance operation. Pursuant to the principles of “full coverage, unified management and classified policies”, the Company clarified the overall framework and specific arrangement of its compliance management. The Company also continued to improve a multi-layered compliance management system with the Board of Directors and its Compliance and Risk Management Committee, the Supervisory Committee, senior management, compliance officer, the Legal Compliance Department, responsible persons and compliance management of subordinated units (referring to all departments, branches and subsidiaries) and all working staff. The Company established a compliance monitoring system to perform the functions of monitoring and reporting the abnormal transaction behaviors of customers, so as to prevent fraudulent transactions. In 2022, the Company had no lawsuit on insider trading nor market manipulation nor related money-laundering transactions escalating to the level of legal action.

SECTION V DIRECTORS' REPORT



- (6) Overall risk management. The Company adhered to the idea that risk management creates value. The Company actively created a risk control culture with the principles of “never touching the red line, never stepping on the gray zone, never playing edge ball” as foundation, the proficiency in business as the premises, the professional code of conduct as the basis, the regulatory requirements as the standard, and the sense of development as the purpose, so as to uphold the concept of “compliance operation and steady development”. It adopted a prudent risk profile and firmly strived for no occurrence of systematic risks, and gradually promoted the overall risk management from the aspects of full coverage, monitorability, measurability, analysis and risk-response ability to continuously improve the risk management standard, keeping the risks generally measurable, controllable and tolerable.
- (7) Anti-corruption. The Company upheld and gave emphasis on the education theme of “not forgetting the original intention, keeping in mind the mission” and conduct precise supervision over its business development in a high-quality way. It further optimized the supervisory system, made good use of the manpower and promoted information sharing between different departments so as to form a cooperative supervising force. The Company set itself against corruption and bribery. It improved anti-corruption, and anti-bribery work through early prevention, process monitoring and post review and rectification. There was no lawsuit against fraud and bribery laws in 2022.

Further information about the ESG aspects of the Company, please refer to “2022 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 Liang
Chairman

29 March 2023



SECTION VI OTHER SIGNIFICANT EVENTS

I. MATERIAL LITIGATION AND ARBITRATION

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

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

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

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

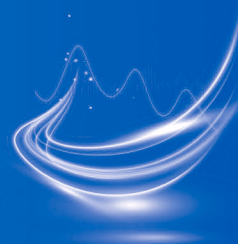
On 24 June 2019, the Beijing Arbitration Commission made an arbitration award ((2019) Beijing Arbitration No. 1079) on the case, ruling that: (1) Xiangsheng Investment shall pay the Company RMB45,605,484.34 for the repurchase transaction as of 30 April 2019 and pay the Company the interest and penalties;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

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

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

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

SECTION VI OTHER SIGNIFICANT EVENTS



Enforcement of the notarised 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-pledged 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 notarised instrument of the creditor's rights for some of the transactions. As Yang Zhenhua and Luo Jun, being the obligors under the notarised 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 notarised 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 notarised, 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 notarised 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.

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, the Securities Association of China, stock exchanges, financial futures exchanges, 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.



SECTION VI OTHER SIGNIFICANT EVENTS

IV. MATERIAL CONNECTED TRANSACTIONS

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

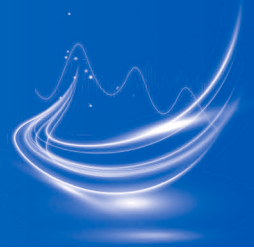
The Group conducts connected transactions in strict compliance with the Stock Exchange Listing Rules, the “Administrative System for the Disclosure of Corporate Information” and the “Administrative Measures for Connected Transactions”. The Group’s connected transactions are conducted based on the principles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

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

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

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

SECTION VI OTHER SIGNIFICANT EVENTS

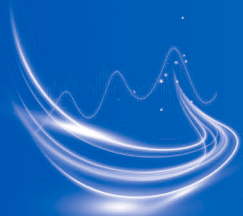


During the Reporting Period, the income received and expenses paid by the Group in respect of the securities and financial services provided to Galaxy Financial Holdings Group are as follows:

Unit: RMB in thousand

Item	Annual cap for 2022	Actual transaction amount for 2022
Revenue		
Securities brokerage services		3,496
Sales agency services		5,802
Leasing of trading rights		8,597
Other related securities and financial services		955
Total	458,000	18,850
Expenses		
Interest expenses		332
Total	25,000	332

Note: Revenue from other related securities and financial services is the fee income due from Galaxy Financial Holdings Group from custody business, asset management business and investment advisory business.



SECTION VI OTHER SIGNIFICANT EVENTS

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

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

For each of the three years ended 31 December 2024, the annual cap for the subscription by Galaxy Financial Holdings Group of the income certificates issued by the Group under the Income Certificate Subscription and Redemption Framework Agreement will be RMB3,500 million, and the annual cap for the redemption by Galaxy Financial Holdings Group of the income certificates issued by the Group under the Income Certificate Subscription and Redemption Framework Agreement will be RMB3,500 million. As the annual caps in respect of the applicable percentage ratios under the Stock Exchange Listing Rules are more than 0.1% but less than 5%, the transactions are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders’ approval requirement under the Stock Exchange Listing Rules.

During the Reporting Period, the parties did not conduct specific transactions under the Income Certificate Subscription and Redemption Framework Agreement.

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

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

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

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

SECTION VI OTHER SIGNIFICANT EVENTS



In respect of the disclosed continuing connected transactions:

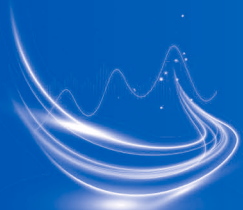
- a. Nothing has come to our attention that causes us to believe that the transactions have not been approved by the Company's Board of Directors.
- b. For transactions involving the provision of goods or services by the Group, nothing has come to our attention that causes us to believe that the transactions 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 2022 disclosed in the relevant announcements made by the Company in respect of the disclosed continuing connected transactions.

V. CONTRACTS OF SIGNIFICANCE AND THEIR PERFORMANCE

(i) Guarantees

Unit: Yuan Currency: RMB

Guarantor	Relationship between guarantor and listed company	Guaranteed party	Guaranteed amount	Date of guarantee (Date of Agreement)	External guarantee granted by the Company (excluding the guarantee for subsidiaries)								Is the guarantee provided to related parties	Related party relationship
					Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Collateral (if any)	Is the	Is the	Amount overdue	Counter guarantee		
									guarantee fully fulfilled	guarantee overdue				
Nil														
Total guarantee incurred during the Reporting Period (excluding the guarantee for subsidiaries)														
Total guarantee balance as at the End of the Reporting Period (A) (excluding the guarantee for subsidiaries)														
Guarantee by the Company and its subsidiaries for their subsidiaries														
Total guarantee for its subsidiaries incurred during the Reporting Period														
Total guarantee balance for its subsidiaries as at the End of the Reporting Period (B)														
Total guarantee by the Company (including the guarantee for its subsidiaries)														
Total guarantee (A+B)														
Total guarantee as a percentage of the Company's net assets (%)														
Including:														
Amount of guarantee for shareholders, actual controller and their related parties (C)														
Amount of debt guaranteed directly or indirectly for any guaranteed party with gearing ratio over 70% (D)														
Total guaranteed amount over 50% of the net asset (E)														
Total of the above three guarantees (C+D+E)														
Statement on the possible joint and several liability in connection with outstanding guarantees														
Description of guarantee														
(1) In August 2016 and August 2017, the Company provided a net capital guarantee of RMB1,000 million and RMB2,000 million for Galaxy Jinhui, a subsidiary of the Company, to meet the needs of its business development.														
(2) As at 31 December 2022, the guarantees provided by Galaxy International Holdings to its subsidiaries amounted to RMB5.117 billion.														



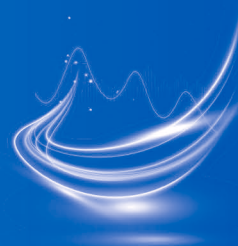
SECTION VI OTHER SIGNIFICANT EVENTS

In addition, the Company has authorised guarantees as follows:

- (1) On 22 June 2017, the “Resolution on the Increase of Net Capital Guarantee to Galaxy Jinhui” was considered and approved at the 2016 annual general meeting of the Company, pursuant to which it was agreed that the Company would provide net capital guarantee for Galaxy Jinhui of RMB3,000 million to satisfy its business development needs. As at the End of the Reporting Period, the guarantee had not been fulfilled.

- (2) On 30 August 2021, the “Resolution on the Increase in the Shareholdings in CGS-CIMB to Increase the Amount of Guarantees and Quasi-Guarantees by Galaxy International Holdings” was considered and approved at the second (regular) meeting of the fourth session of the Board of the Company. Based on the business development needs, it was agreed to increase the maximum amount of guarantees and quasi-guarantees authorised to be provided for CGS-CIMB Securities and its subsidiaries and CGS-CIMB Holdings and its subsidiaries (collectively referred to as “CGS-CIMB”) from RMB3,500 million to RMB7,000 million in phases. In particular, upon completion of exercising the option for the first time for the CIMB merger and acquisition project, which is upon obtaining 75% shareholding in CGS-CIMB by Galaxy International Holdings, the maximum amount of guarantees and quasi-guarantees provided by Galaxy International Holdings for CGS-CIMB shall be RMB5,500 million; and upon completion of exercising the option for the second time, i.e. upon obtaining 100% shareholding in CGS-CIMB by Galaxy International Holdings, the maximum amount of guarantees and quasi-guarantees to be provided by Galaxy International Holdings for CGS-CIMB shall be RMB7,000 million. As at 31 December 2022, the maximum amount of guarantees and quasi-guarantees provided by Galaxy International Holdings for CGS- CIMB were RMB5,500 million.

SECTION VI OTHER SIGNIFICANT EVENTS



(ii) Other Contracts

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

Unit: Ten thousands Yuan Currency: RMB

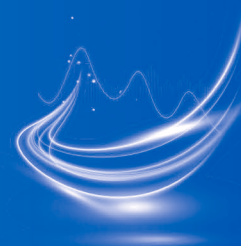
Full Name of Partners of the Contracts	Date of the Contracts	Period and Expiration date of the Contracts	Summary of the Contracts	Amount of the Contracts	Notes
SSE Technology Co., Ltd.	18 December 2017 11 September 2020 (extended) 15 October 2021 (extended)	The contract is valid from 1 January 2019 to 31 December 2019, and can be extended for one year each time to the extent that the parties have no objection thereto.	SSE Technology Co., Ltd. offered basic service, operation support service, tailor-made service and other services regarding the data centre in Securities Technology Mansion on No.1 Huajing Road in Waigaoqiao Free Trade Zone, Pudong, Shanghai to the Company.	Payment was made according to the standard for charges and based on the actual situation every year.	It paid RMB11.5809 million in 2022
SSE Technology Co., Ltd.	25 January 2021 12 October 2021 (extended)	The term of the contract is from 1 June 2021 to 31 May 2025, and can be extended as agreed.	SSE Technology Co., Ltd. offered technical service, operation support service, tailor-made service and other services regarding Jinqiao Data Center on No. 399 Longhu Road, Pudong New Area, Shanghai to the Company.	Payment shall be made according to the standard for charges and based on the actual situation every year.	It paid RMB24.5347 million in 2022



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
Digital China System Integration Service Co., Ltd.	9 December 2021	Until the date on which all obligations of both parties are fulfilled	The Company signed a procurement contract on products, including optical fibre cables, distribution frames, monitors, conference all-in-one machines and domestically-made switches, with Digital China System Integration Service Co., Ltd., in order to build the infrastructure and deliver a domestic network for the first modular room of Jinqiao Data Center.	1,813.57	It paid RMB14.5085 million, 80% of the total contract value, on 31 December 2021; the balance, 20% of the total contract value (i.e. RMB3.6271 million), was paid on 10 October 2022.
Beijing Anda Xintong System Integration Co., Ltd.	9 December 2021	Until the date on which all obligations of both parties are fulfilled	The Company signed a procurement contract on Arista switches with Beijing Anda Xintong System Integration Co., Ltd., in order to create a network for ultra fast trading, custodianship of privately offered products and so forth for the first modular room of Jinqiao Data Center.	1,890.00	
Digital China (China) Limited	9 December 2021	Until the date on which all obligations of both parties are fulfilled	The Company signed a procurement contract on low-latency servers with Digital China (China) Limited to establish VIP, PB, custodianship of privately offered products and other systems like those in the first modular room of SSE's Jinqiao Data Center.	1,099.00	
Shenzhen Kingdom Sci Tech Co., Ltd.	1 June 2022	Until the date on which all obligations of both parties are fulfilled	The Company purchased 28 standardised software modules and 12 personalised development modules.	1,035.00	

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
Shanghai Kafang Information Technology Co., Ltd.	30 May 2022	The agreed term of contract is till 30 June 2022.	Shanghai Kafang Information Technology Co., Ltd. shall provide its ATGO active algorithm services to the Company and be responsible for the installation, user training, technical support and maintenance of its ATGO active algorithm systems.	1,200.00	
Digital China System Integration Service Co., Ltd.	21 September 2022	Until the date on which all obligations of both parties are fulfilled	Digital China System Integration Service Co., Ltd. shall be responsible for equipment procurement, scheme design, integration implementation, etc. for the network and infrastructure of the machine room on Fufeng Road.	4,572.00	
Contemi Trading Solutions Sdn Bhd	23 November 2022	22 November 2027	Backend system procurement and development	2,531.90	Procurement of information systems for overseas subsidiaries



SECTION VI OTHER SIGNIFICANT EVENTS

VI. OTHER MATERIAL MATTERS

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

1. *Galaxy Jinhui received the Decision on Issuing a Warning Letter from CSRC Shenzhen Office*

On 18 April 2022, Galaxy Jinhui received the Decision on Issuing a Warning Letter to Galaxy Jinhui Securities Asset Management Co., Ltd. from the CSRC Shenzhen Office ([2022] No. 61). The CSRC Shenzhen Office considered that in the course of engaging in the asset securitisation business, the following problems existed in Galaxy Jinhui: Firstly, the organisational structure, staffing and internal control mechanism were far from satisfactory. There was no dedicated quality control team. The internal audit function was not sufficiently independent. Individual contractors were involved in internal audit and voting. The issuance and underwriting of securities was not undertaken by a specialised functional department or team. There was no sound system for the creation, underwriting and duration management. Secondly, the due diligence of some asset securitisation projects was based on the information provided by issuers and third parties while the verification was inadequate. The filing of working papers was not timely and incomplete. The duration management was not sufficiently concerned about changes in the quality of the underlying assets and the ongoing operation of the original equity holders.

The Company attached great importance to the matter and immediately requested Galaxy Jinhui to conduct self-examination and rectification, and released the Compliance Reminder on a Warning Letter for the Asset Securitisation Business of Galaxy Jinhui Issued by the Regulatory Authority to remind Galaxy Jinhui of compliance. Upon receipt of the Decision on Issuing a Warning Letter to Galaxy Jinhui Securities Asset Management Co., Ltd. from the CSRC Shenzhen Office, Galaxy Jinhui immediately commenced the verification and identification of responsibility for the incident in accordance with the Rules Governing the Handling of Non-compliant Conduct of Employees of the Company. Up to now, Galaxy Jinhui has completed the investigation of the incident and completed the review procedures for the determination of responsibility in accordance with the systems and procedures of the Company, and has conducted rectifications on the related matters.

2. *The Company received the Decision on Adoption of Administrative Regulatory Measures to Order Correction from the CSRC Beijing Office*

On 1 July 2022, the Company received the Decision on Adoption of Administrative Regulatory Measures to Order China Galaxy Securities Co., Ltd. to Make Corrections from the CSRC Beijing Office, pursuant to which the CSRC Beijing Bureau, during its inspection of the China Life AMP-Guobao New OTC Board No. 2 Asset Management Plan (the "New OTC Board No. 2 Plan"), found the following irregularities in the performance of the Company's duties as a custodian: Firstly, it had only passively accepted the advice of China Life AMP Asset Management Co., Ltd. (the "Manager") on the repeated adjustment of the valuation techniques of the CSC Group held by New OTC Board No. 2 Plan, and did not raise any objection when it was found that the Manager had not conducted negotiations with the custodian as agreed under the product contract in advance but objectively acquiescing to the aforesaid non-compliance of the Manager. Secondly, after the net asset value of the New OTC Board No. 2 Plan fell below the stop-loss line, it failed to detect and alert the Manager of the breach of contractual provisions such as the active purchase of currency funds. The CSRC Beijing Office was of the view that the above issues reflected the Company's failure to perform its custodian duties diligently and prudently, and its failure to strictly supervise the relevant investment restrictions in accordance with the fund contract, which was in breach of the Article 4 and Article 21(1) of the Measures for the Administration of Securities Investment Fund Custody Business (《證券投資基金託管業務管理辦法》) (CSRC Decree No. 92). In accordance with Article 38 of the Measures for the Administration of Securities Investment Fund Custody Business (CSRC Decree No. 92), the CSRC Beijing Office took administrative regulatory measures against the Company and ordered it to make corrections.

SECTION VI OTHER SIGNIFICANT EVENTS



The Company attached great importance to the incident and has immediately organised its staff to sort out the relevant issues and formulated rectification measures. During the Reporting Period, the Company has formed the Report of China Galaxy Securities Co., Ltd. on the Rectification of the Custodianship Business of China Life AMP-Guobao New OTC Board No. 2 Asset Management Plan” and submitted it to CSRC Beijing Bureau.

3. The sponsor representatives of the Company received the Decision on Taking Self-Regulatory Measures against them from Beijing Stock Exchange

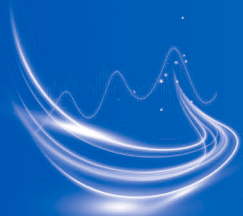
On 18 July 2022, Li Xuebin and Liang Fen, the sponsor representatives of the Company, received the Decision on Taking Self-Regulatory Measures against Li Xuebin and Liang Fen (CSRC Beijing Office Enforcement Letter [2022] No. 8) from the Beijing Stock Exchange (BSE). The BSE was of the view that Li Xuebin and Liang Fen, the signing sponsor representatives, were in breach of the followings in the public offering and listing project of Henan Silane Technology Development Co., Ltd. (“Silane Technology”): on the date when the application document for public offering of shares and listing of Silane Technology was accepted for examination on 29 December 2021 and during the period of its review, Silane Technology published the Announcement on the Correction of Prior Accounting Errors of the Company on 9 May 2022, which explained the accounting errors involved in the annual financial reports from 2018 to 2021 and retrospective adjustments were made to the financial data for 2018 to 2021. Li Xuebin and Liang Fen, as the signing sponsor representatives of the Silane Technology project, failed to conduct a comprehensive inspection and verification to identify and address the aforesaid accounting errors prior to the submission of the report, and failed to exercise due diligence, which were in breach of Article 22 of the Rules Governing the Examination and Approval of the Public Offering and Listing of Shares to Unspecified Qualified Investors of the Beijing Stock Exchange (Trial) (《北京證券交易所向不特定合格投資者公開發行股票並上市審核規則(試行)》) and Articles 4 and 5 of the Administrative Rules for Sponsoring the Listing of Securities on the Beijing Stock Exchange (《北京證券交易所證券發行上市保薦業務管理細則》). In view of the above facts and circumstances, a self-regulatory measure was taken against Li Xuebin and Liang Fen, that is to say, a warning letter was issued to them in accordance with Article 16 of the Rules for the Implementation of Self-regulatory Measures and Disciplinary Measures of the Beijing Stock Exchange.

The Company attached great importance to the aforesaid problems and requested the investment banking department to take them seriously, and rectify them as soon as possible. They were required to perform sponsorship duties in accordance with the relevant provisions of the Measures for the Administration of the Sponsorship Business of Securities Offering and Listing (《證券發行上市保薦業務管理辦法》), the Listing Audit Rules (《上市審核規則》) and the Sponsorship Business Rules (《保薦業務細則》), etc., and be honest, trustworthy, diligent and responsible in conducting comprehensive inspection and verification of the issue and listing application documents and information disclosure materials, to prevent the recurrence of relevant problems. At the same time, the Company commenced the investigation and identification of responsibility for the incident in accordance with the relevant system.

4. The Company received the Decision on Adoption of Measures to Issue Warning Letters from the CSRC Beijing Bureau

On 29 December 2022, the Company received the Decision on Adoption of Administrative Regulatory Measures to Issue Warning Letters from the CSRC Beijing Bureau for China Galaxy Securities Co., Ltd. ([2022] No. 225), which stated that the Company had following issues: Firstly, the Company did not comprehensively sort out the integrity risks in key business areas and key positions, and failed to identify and assess the integrity risks in public fund distribution business in a timely manner, and did not continuously track and report the integrity risks as required; secondly, there were irregularities in staff practice in the appropriateness management and financing and securities financing business.

With great importance attached to the incident, the Company immediately ordered relevant departments to analyse and summarise integrity risk points. In view of the existing problems and deficiencies, it adjusted the organisational structure, standardised the post setting, improved the management system and optimised the work flow to ensure the effective separation, audit and control among the businesses, functions and posts, prevent conflicts of



SECTION VI OTHER SIGNIFICANT EVENTS

interest and decentralise power. With helping enterprises' evaluation strengthened, the Company reduced room for discretion, effectively tightened the control over integrity risks in the sales of publicly offered funds on a commission basis, and actively made rectifications. With respect to the second issue, the Company reported relevant complaints to the CSRC Beijing Office in time, submitted the self-inspection report revised as required to the office, and constantly supplemented and improved the relevant supporting materials as required by the office.

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

1. On 25 January 2022, China Financial Futures Exchange announced the List of Primary, General, and Reserve Market Makers for China Government Bond Futures ([2022] Announcement No. 2). The Company was approved to conduct market-making business of treasury bond futures.
2. On 25 January 2022, the Shanghai Stock Exchange and Shenzhen Stock Exchange published the Announcement on the Company Conducting Market-making Business on Jijintong (SSE Announcement (Fund) [2022] No. 145) and the Announcement on the Company Becoming a Market Maker on Jijintong of the Shenzhen Stock Exchange, respectively. The Company was approved to conduct market-making business on Jijintong.
3. On 15 September 2022, the Company received the Approval for Market-Making Trading Business of Listed Securities of China Galaxy Securities Co., Ltd. (Zheng Jian Xu Ke [2022] No. 2170), pursuant to which it was approved for the market-making trading business of listed securities.
4. On 18 November 2022, the Company received the Approval for Market-Making Business of Stock Options of China Galaxy Securities Co., Ltd. (Zheng Jian Xu Ke [2022] No. 2941), pursuant to which it was approved for the market-making business of stock options.

(iii) Material Equity Investment

During the Reporting Period, the Company made additional investments in subsidiaries such as Galaxy Futures and Galaxy International Holdings in accordance with its business development needs, as follows:

1. On 29 April 2022, the Board of Directors approved the Resolution on Proposed Capital Increase in Galaxy Futures Company Limited, consenting to the Company's capital increase of RMB2.2 billion in Galaxy Futures, its wholly-owned subsidiary. On May 2022, upon completion of the above capital increase, the registered capital of Galaxy Futures was increased to RMB4.5 billion.
2. On 30 August 2021, the Board of Directors approved the Resolution on Proposed Capital Increase in China Galaxy International Financial Holdings Limited, pursuant to which in July 2022, the Company completed the capital increase of HK\$2.0 billion in Galaxy International with its registered capital increasing to HK\$7.0 billion.
3. On 27 October 2022, the Board of Directors approved the Resolution on Proposed Capital Increase in China Galaxy International Financial Holdings Limited, consenting to the Company's capital increase of HK\$1.6 billion in China Galaxy International. Currently, the capital increase is underway.
4. On 27 October 2022, the Board of Directors approved the Resolution on Capital Increase in Galaxy Yuanhui Investment Co., Ltd., consenting to the Company's capital increase of RMB2 billion in Galaxy Yuanhui in tranches. In January 2023, the Company completed the first tranche of capital increase of RMB1.0 billion.

VII. IMPORTANT MATTERS AFTER THE PERIOD

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

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS



I. CHANGES IN ORDINARY SHARES

(i) Changes in Shares

Unit: Share(s)

	Before change		Increase or decrease after change (+,-)					After change	
	Number of shares	Percentage (%)	New shares issuance	Bonus shares	Shares converted from reserve	Others	Sub-total	Number of shares	Percentage (%)
i. Shares subject to selling restrictions	-	-	-	-	-	-	-	-	-
ii. Shares not subject to selling restrictions	10,137,258,757	100	-	-	-	20,919	20,919	10,137,279,676	100
1. Renminbi-denominated ordinary shares	6,446,274,124	63.59	-	-	-	20,919	20,919	6,446,295,043	63.59
2. Domestic listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign shares	3,690,984,633	36.41	-	-	-	-	-	3,690,984,633	36.41
4. Others	-	-	-	-	-	-	-	-	-
iii. Total number of shares	10,137,258,757	100	-	-	-	20,919	20,919	10,137,279,676	100

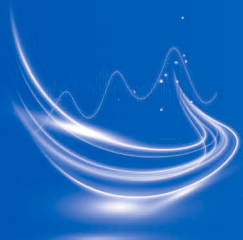
(ii) Description of Changes in Shares

In accordance with the provisions of the Prospectus in relation to the Public Offering of A-share Convertible Bonds by the Company and relevant laws and regulations, the China Galaxy Convertible Bonds are convertible into shares of the Company with effect from 30 September 2022 and the conversion period is valid until 23 March 2028.

As of the End of the Reporting Period, the China Galaxy Convertible Bonds in a total amount of RMB209,000 were converted into ordinary A Shares of the Company, and the number of shares resulting from the conversion was 20,919 shares. In summary, the total share capital of the Company changed from 10,137,258,757 shares to 10,137,279,676 shares at the End of the Reporting Period.

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

During the Reporting Period, the conversion of China Galaxy Convertible Bonds commenced on 30 September 2022, which increased the share capital of the Company by 20,919 shares for the period, representing 0.000206% of the total issued shares of the Company before the conversion of China Galaxy Convertible Bonds. As a result, the total share capital of the Company changed from 10,137,258,757 shares to 10,137,279,676 shares. Due to small number of A Shares converted from the China Galaxy Convertible Bonds during the Reporting Period, the impact on the Company's financial indicators such as earnings per share and net assets per share for the recent year and the recent period was relatively small.



SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

II. INFORMATION OF SHAREHOLDERS

(i) Total Number of Shareholders

Total number of holders of ordinary shares as at the End of the Reporting Period (account)	86,020
Total number of holders of ordinary shares as at the end of the previous month before the date of disclosure of annual report (account)	87,172
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

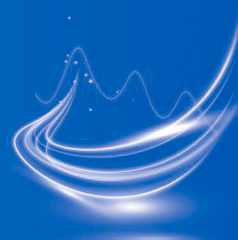
Note: The total number of shareholders includes the number of holders of ordinary A Shares and registered holders of H Shares. As at the End of the Reporting Period, 85,356 accounts were holders of A Shares and 664 accounts were registered holders of H Shares. As at the end of the previous month before the date of disclosure of annual report, 86,509 accounts were holders of A Shares and 663 accounts were registered holders of H Shares.

(ii) Shareholdings of the Top 10 Shareholders and Top 10 Holders of Circulating Shares (or Holders of Shares not subject to selling restrictions) as at the End of the Reporting Period

Unit: Share(s)

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 held subject to selling restrictions	Pledged, marked or frozen		
					Status of shares	Number of shares	Nature of shareholders
Galaxy Financial Holdings	0	5,186,538,364	51.16%	0	Nil	0	State-owned legal person
HKSCC Nominees Limited (Note 1)	-44,000	3,688,318,546	36.38%	0	Nil	0	Overseas legal person
HKSCC Nominees Limited (Note 2)	25,481,803	85,735,451	0.85%	0	Nil	0	Overseas legal person
China Securities Finance Corporation Limited	0	84,078,210	0.83%	0	Nil	0	State-owned 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	2,820,241	26,996,624	0.27%	0	Nil	0	Others
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	3,348,800	19,771,582	0.20%	0	Nil	0	Others
Zhongshan Financial Investment Holdings Co., Ltd.	16,841,200	18,853,313	0.19%	0	Nil	0	State-owned legal person
Jiaxing Highway Investment Co., Ltd.	0	11,497,828	0.11%	0	Nil	0	State-owned legal person
Shanghai Huashi Asset Management Co., Ltd.	0	10,000,000	0.10%	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 selling restrictions			
Name of shareholders	Number of circulating shares held not subject to selling restrictions	Type and number of shares held	
		Type	Number
Galaxy Financial Holdings	5,186,538,364	Renminbi-denominated ordinary shares	5,160,610,864
		Overseas listed foreign shares	25,927,500
HKSCC Nominees Limited	3,688,318,546	Overseas listed foreign shares	3,688,318,546
Hong Kong Securities Clearing Company Limited	85,735,451	Overseas listed foreign shares	85,735,451
China Securities Finance Corporation Limited	84,078,210	Renminbi-denominated ordinary shares	84,078,210
Bank of Lanzhou Co., Ltd.	41,941,882	Renminbi-denominated ordinary shares	41,941,882
China Construction Bank Corporation – Guotai CSI All Share	26,996,624	Renminbi-denominated ordinary shares	26,996,624
Securities Company Trading Index Securities Investment Open-ended Fund			
China Construction Bank Corporation – Huabao CSI All Share	19,771,582	Renminbi-denominated ordinary shares	19,771,582
Securities Company Trading Index Securities Investment Open-ended Fund			
Zhongshan Financial Investment Holdings Co., Ltd.	18,853,313	Renminbi-denominated ordinary shares	18,853,313
Jiaxing Highway Investment Co., Ltd.	11,497,828	Renminbi-denominated ordinary shares	11,497,828
Shanghai Huashi Asset Management Co., Ltd.	10,000,000	Renminbi-denominated ordinary shares	10,000,000
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 authorised by and on behalf of other shareholders, the voting rights abstained by the aforesaid shareholders	Nil		
Description of the associated relationship of or action in concert among the aforesaid shareholders	The Company is not aware of any associated/connected relationship of or any parties acting in concert among the aforesaid shareholders. In particular, the shares held by HKSCC Nominees Limited are H Shares entrusted by overseas investors; the shares held by Hong Kong Securities Clearing Company Limited are A Shares held by overseas investors through Shanghai Stock Connect.		
Preference shareholders with voting rights restored and number of shares held	Nil		

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

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

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

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

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

Name of substantial shareholders	Class of shares	Nature of interest	Number of shares held (shares) ^(Note 1)	Percentage of the total number of issued shares of the Company (%)	Percentage of the total number of issued H Shares of the Company (%)	
					Long position/ short position/ shares available for lending	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 & 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	187,177,214	1.85	5.07	Long position
	H Shares	Interests of controlled corporation	53,000	0.00	0.00	Short position
Citigroup Inc. ^(Note 6)	H Shares	Interests of controlled corporation	9,471,540	0.09	0.26	Long position
	H Shares	Approved lending agent	177,338,491	1.75	4.80	Long position/ shares available for lending
	H Shares	Interests of controlled corporation	3,544,148	0.03	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.

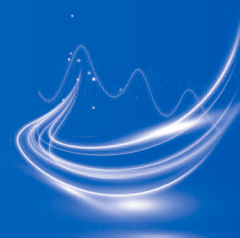
Note 3: Wang Yili holds 50% equity interest in Wenze International Investment Limited and is therefore deemed to be interested in 219,524,000 H Shares held by Wenze International Investment Limited.

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 187,177,214 H Shares and a short position of 53,000 H Shares through various entities under its control, among which a long position of 543,000 H Shares and a short position of 53,000 H Shares are related to derivatives classified as: unlisted derivatives – cash settled.

Note 6: Citigroup Inc. holds a long position of 186,810,031 H Shares and a short position of 3,544,148 H Shares through various entities under its control, and 177,338,491 H Shares available for lending, among which a long position of 204,000 H Shares and a short position of 718,148 H Shares are related to derivatives classified as: unlisted derivatives – physically settled; and a short position of 2,826,000 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.

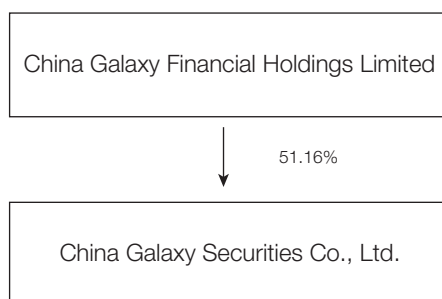
III. CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

(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 authorised by the State Council; other related business approved by the State Council
Others	Nil

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

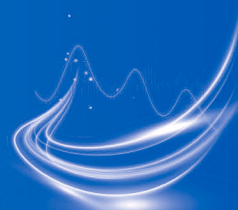


IV. COMPLIANCE WITH UNDERTAKING BY CONTROLLING SHAREHOLDER

After making an enquiry with Galaxy Financial Holdings, Galaxy Financial Holdings confirmed with 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 in respect of 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 Liang	Executive Director, Chairman of the Board and Chairman of the Executive Committee	Male	55	20 December 2019	Present	0	0	0	-	250.26	No
Wang Sheng	Executive Director, Vice Chairman of the Board, Vice Chairman of the Executive Committee and President	Male	45	18 August 2022	Present	0	0	0	-	87.02	No
Yang Tijun	Non-executive Director	Male	57	29 June 2021	Present	0	0	0	-	0.00	Yes
Li Hui	Non-executive Director	Female	53	10 March 2023	Present	0	0	0	-	0.00	Yes
Liu Chang	Non-executive Director	Female	43	29 June 2021	Present	0	0	0	-	0.00	Yes
Liu Zhihong	Non-executive Director	Male	57	29 June 2021	Present	0	0	0	-	0.00	Yes
Liu Ruizhong	Independent Director	Male	69	29 September 2017	Present	0	0	0	-	26.00	No
Wang Zhenjun	Independent Director	Male	66	9 February 2018	Present	0	0	0	-	27.00	No
Liu Chun	Independent Director	Female	60	26 February 2019	Present	0	0	0	-	26.00	No
Law Cheuk Kin, Stephen	Independent Director	Male	60	29 June 2020	Present	0	0	0	-	21.00	No
Jiang Yuesheng	Non-executive Director and Employee Director	Male	59	29 June 2021	Present	0	0	0	-	114.33	No
Qu Yanping	Supervisor and Chairwoman of the Supervisory Committee	Female	56	19 October 2021	Present	0	0	0	-	187.36	No
Wei Guoqiang	Shareholder Supervisor	Male	46	29 June 2022	Present	0	0	0	-	0.00	Yes
Chen Jijiang	Employee Supervisor	Male	56	29 June 2015	Present	0	0	0	-	203.01	No
Fan Minfei	Employee Supervisor	Male	56	25 March 2020	Present	0	0	0	-	208.47	No
Tao Libin	External Supervisor	Male	45	18 October 2016	Present	0	0	0	-	12.00	No
Xue Jun	Vice President, member of Executive Committee	Male	53	29 October 2021	Present	0	0	0	-	191.48	No
Luo Liming	Vice President, member of Executive Committee and Chief Information Officer	Male	47	30 June 2017	Present	0	0	0	-	232.69	No
Wu Guofang	Member of Executive Committee, Business Director	Male	52	20 December 2017	Present	0	0	0	-	247.99	No

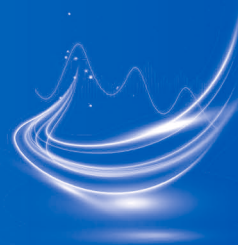


SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

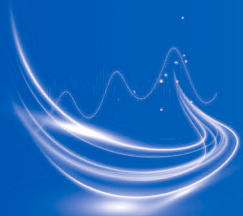
Name	Position (Note)	Gender	Age	Starting date of term of office	Expiry date of term of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Change in shares during the year	Reason for the change	Total remuneration before tax received from the Company during the Reporting Period (RMB0'000)	Whether received remuneration from the Company's related parties or not
Liang Shipeng	Member of the Executive Committee, Chief Compliance Officer and Chief Risk Officer	Male	53	5 July 2019	Present	0	0	0	-	247.99	No
Du Pengfei	Member of the Executive Committee, Business Director and Secretary of the Board	Male	48	30 March 2022	Present	0	0	0	-	142.00	No
Chen Gongyan (Resigned during the Reporting Period)	Executive Director, Chairman of the Board and Chairman of the Executive Committee	Male	60	18 October 2016	18 August 2022	0	0	0	-	169.44	No
Liu Dingping (Resigned during the Reporting Period)	Non-executive Director	Male	60	9 February 2018	30 September 2022	0	0	0	-	0.00	Yes
Total		/	/	/	/	/	/	/	/	2,394.06	/

- 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. The remuneration statistics of the Directors, Supervisors and senior management of the Company for the Reporting Period were the remuneration they received during their term of service. The total amount of the remuneration before taxes paid by the Company during the Reporting Period was the amount accrued and released in 2022.
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 Liang	<p>born in January 1968, is an Executive Director, the Chairman of the Board and the chairman of the Executive Committee of the Company. 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 on 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 Marketing and Brokerage Center, and general manager of the Corporate Brokerage Business Headquarters of Hongyuan Securities Co., Ltd. From September 2009 to January 2015, he served as deputy general manager of Hongyuan 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. Since 30 September 2022, he has served as a non-executive director of Galaxy Financial Holdings. Mr. Chen 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.</p>
Wang Sheng	<p>born in June 1977, is an Executive Director, Vice Chairman of the Board, vice chairman of the Executive Committee and President of the Company. Mr. Wang joined China International Capital Corporation Limited ("CICC") in 2002. He successively participated in the reform and restructuring of companies in various industries, including telecommunications, finance, energy and pharmaceuticals, served many leading domestic and foreign enterprises and led numerous landmark capital market transactions. Since 2010, Wang Sheng has held managerial positions in the Investment Banking Department of CICC, including head of the Share Capital Team, head of Business Development Committee, head of Team C of the Strategic Customer Group and operations coordinator of the Investment Banking Department. He served as the executive head of the Investment Banking Department of CICC from June 2016 to March 2018, the assistant to the president and the executive head of the Investment Banking Department of CICC from March 2018 to March 2020, a member of the Management Committee and the head of the Investment Banking Department of CICC from March 2020 to July 2022, and a member of the Party Committee of CICC from January 2021 to July 2022. Mr. Wang graduated from the School of Economics and Management of Tsinghua University, and obtained a bachelor's degree in management information system and a master's degree in management science and engineering in 2000 and 2002, respectively.</p>



SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Yang Tijun

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

Li Hui

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

**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 Remen University of China majoring in industrial economics with a master's degree in economics in July 2004. From August 2004 to March 2012, Ms. Liu Chang served as an auditor, audit assistant manager and audit manager of KPMG Huazhen LLP and KPMG Hong Kong. From April 2012 to July 2014, she served as the first-level manager of the Securities Institution Management Department/Insurance Institution Management Department of Huijin. From July 2014 to February 2015, she served as the manager of the Securities Institution Management Department/Insurance Institution Management Department of Huijin. From February 2015 to November 2018, she served as the senior deputy manager of the Securities Institution Management Department/Insurance Institution Management Department of Huijin. From November 2018 to January 2020, she served as the senior manager of the Securities Institution Management Department/Insurance Institution Management Department of Huijin. Ms. Liu 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. She has been 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. Since 30 September 2022, she has served as a non-executive director of Galaxy Financial Holdings.

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 Supervisory Committee (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 Supervisory Committee 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 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. 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 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.

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 has been a director of Hexie Health Insurance Co., Ltd. since November 2021. Ms. Liu graduated from Jiangxi College of Finance and Economics in 1985, majoring in trade and economics with a bachelor's degree in economics, and obtained the qualification of senior accountant in May 2006.

**Law Cheuk Kin,
Stephen**

born in November 1962, has been an independent non-executive Director of the Company since June 2020. Mr. Law was an accountant of Arthur Anderson, Huggill & Co. and KPMG Hong Kong from August 1984 to March 1991, and the finance director of each of Hyder Consulting Limited and Masons Solicitors from April 1991 to January 1995. He served as a manager of each of Wheelock and Company Limited and Wharf (Holdings) Limited from February 1995 to July 2000, and a director of Morningside Group from July 2000 to July 2006. He worked in TPG Growth Capital (Asia) Limited from July 2006 to September 2012, holding the position of managing director before departure. He served as the chief financial officer of Guoco Group Limited from October 2012 to June 2013, the finance director and a member of the executive directorate of MTR Corporation Limited from July 2013 to July 2016, an adjunct professor of the Hong Kong Polytechnic University from 2015 to 2017, an independent non-executive director of AAG Energy Holdings Limited from July 2016 to September 2018, an independent non-executive director of Stealth BioTherapeutics Inc. from June 2018 to July 2019, and an independent non-executive director of Bank of Guizhou Company Limited from November 2018 to August 2022. Mr. Law 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 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 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.

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.



SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Qu Yanping

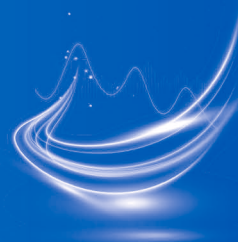
born in July 1966, is a senior economist. She has been a shareholder Supervisor and Chairman of the Supervisory Committee of the Company. Ms. Qu successively served as the cadre and vice general manager of the Trust and Loan Department and Fund Planning Department of China Construction Bank Trust and 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 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 chairman of the supervisory board of Central Huijin Asset Management Ltd. from May 2017 to September 2020. She served as the deputy director (departmental manager level) and managing director of the Leading Group Office of the Directly Managed Enterprise/Equity Management Department II of Central Huijin Investment Ltd. from April 2020 to September 2021. Ms. Qu has served as the deputy secretary of the Party Committee of the Company since September 2021. 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.

Wei Guoqiang

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

Tao Libin

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

**Chen Jijiang**

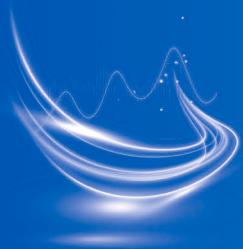
born in May 1966, is a financial economist. He has been an Employee Supervisor of the Company since June 2015. Mr. Chen served as general secretary of the Youth League under the Chemistry Department of the Capital Normal University from August 1989 to June 1992, deputy director-level clerk and director-level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

Fan Minfei

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

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.



SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Luo Liming

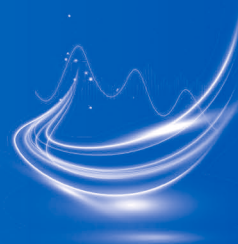
born in September 1976, holds a doctorate degree in computer science. He is vice chairman of the China Computer Users Association, deputy director of the Wealth Management Cooperation Committee under Asian Financial Cooperation Association, chief expert of the Professional Working Group on Securities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

Wu Guofang

born in July 1971, holds a doctorate degree in law. He is a member of the Executive Committee and Business Director of the Company. Mr. Wu Guofang 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.

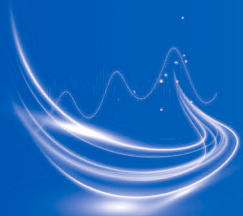
Liang Shipeng

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, the Chief Compliance Officer and Chief Risk 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 (person in charge) and deputy division chief of the Listed Company Regulatory Division of Xining Special Commissioner's Office of the CSRC. From May 2002 to March 2004, he was the deputy division chief and division chief of the Institution Regulatory Division of Xining Special Commissioner's Office of the CRSC. From March 2004 to December 2007, he served as the division chief of the Institution Regulatory Division of the 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 May 2019, he was the secretary of the Party Committee and chief of the Qinghai Regulatory Bureau of the CSRC. From June 2019 to October 2021, he was a member of the Executive Committee and the Chief Compliance Officer of the Company. Since October 2021, he is a member of the Executive Committee, the Chief Compliance Officer and Chief Risk Officer of the Company.



Du Pengfei

born in July 1974, holds a master's degree in economics and is a member of the Professional Committee of Talent Development of the Securities Association of China, and a member of the Secretary Committee of the Board of Directors of the China Association for Public Companies. He is currently a member of the Executive Committee, Business Director, Secretary of the Board of Directors, Director of the Organisation Department of the Party Committee, General Manager of the Human Resources Department, and Office Director of the Party School of the Company. Mr. Du Pengfei joined China Construction Bank Liaoning Branch in August 1998; in March 2006, he joined China Jianyin Investment Limited and served as General Manager of Human Resources Department and Director of the Organisation Department of the Party Committee; from November 2016 to December 2016, he served as a member of the Party Committee and Chairman of the Supervisory Board of China Jianyin Investment Limited; from December 2016 to December 2021, he served as Secretary of the Party Committee and Chairman of the Board of Directors of China Jianyin Huawen Investment Limited, during which he served as Secretary of the Party Committee and Chairman of the Board of Directors of China Jianyin Investment Limited from April 2020 to December 2021; from September 2021 to January 2022, he served as a member of the Executive Committee of China Jianyin Investment Limited.



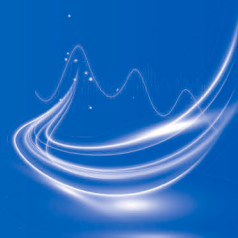
SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

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
Chen Liang	Galaxy Financial Holdings	Director	September 2022	Present
Yang Tijun	Galaxy Financial Holdings	Director	September 2020	Present
Liu Zhihong	Galaxy Financial Holdings	Secretary of the Party Committee, 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	March 2020	Present
Wei Guoqiang	Galaxy Financial Holdings	Director	September 2022	Present
	China Investment Corporation	Deputy director of the office	April 2022	Present

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF



2. Positions in Other Entities

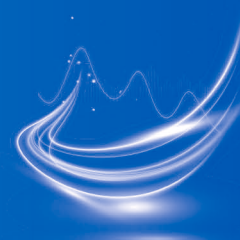
Name of employee	Name of other entity	Position in other entity	Starting date of term of office	Expiry date of term of office
Chen Liang	Research Association of Ideological and Political Work of China Financial Institutions	Executive director	August 2021	Present
	China Association for Public Companies	Vice president	September 2020	Present
	Financing Business Committee of Securities Association of China	Chairman	December 2019	Present
Wang Sheng	STAR Market Development Committee of the Council of the SSE	Deputy director	June 2021	Present
	Securities Association of China 7th Talent Development Committee	Vice Chairman	January 2022	Present
	Beijing Stock Exchange Securities Underwriting Self-discipline Committee	Member	March 2022	September 2022
Liu Zhihong	China Galaxy Asset Management Co., Ltd.	Secretary of Party committee, chairman of board of directors	January 2022	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
	Hexie Health Insurance Co., Ltd.	Director	November 2021	Present
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	August 2022
	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



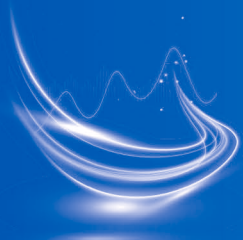
SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Name of employee	Name of other entity	Position in other entity	Starting date of term of office	Expiry date of term of office
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	November 2022	Present
	Securities Association of China	Member of the Finance and Accounting Committee	June 2020	Present
Xue Jun	Securities Association of China	Vice chairman of over-the-counter markets and derivatives business committee	January 2022	Present
	Securities Association of Beijing	Vice chairman of fixed income business committee	November 2021	Present
	New OTC Board	Member of review committee	August 2019	Present
	BSE	Member of review committee	November 2021	Present
	SSE	Member of International Development Committee of the 5th Council	April 2022	Present
	Banking Accounting Society of China	Vice president of the 6th Council	November 2022	Present
Luo Liming	Securities Association of China	Vice chairman of Securities Brokerage and Wealth Management Committee	January 2022	Present
	China Financial Standardization Technical Committee (CFSTC)	Member of the subcommittee of securities technology committee	April 2015	Present
		Expert of the professional working groups on data model and information disclosure	August 2021	Present
		Chief expert of the Professional Working Group on Securities	July 2021	Present
	China Computer Users Association	Vice chairman	May 2018	Present
	Expert Committee for Pilot Programmes on Fintech Innovation in Capital Market of Beijing	Member	June 2021	June 2023

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF



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	Asian Financial Cooperation Association Wealth Management Committee	Deputy director	September 2021	Present	
	Chinese Society for Finance	Standing director of the 8th Council	May 2022	May 2026	
	Asset Management Association of China	Member of the 2nd Fintech Committee	June 2022	May 2026	
	Securities Association of Beijing	Member of the 5th Council	August 2020	Present	
	Securities Association of Beijing	Chairman of brokerage business committee	September 2021	Present	
	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
	Du Pengfei	Securities Association of China	Member of the Professional Committee of Talent Development	January 2022	Present
		China Association for Public Companies	Member of the Secretary Committee of the Board of Directors	August 2022	Present
Description of positions – in other entities					



SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

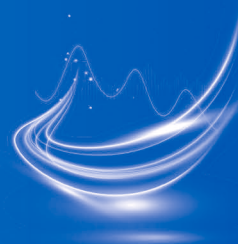
III. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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 remuneration of the Directors, Supervisors and senior management is determined according to the remuneration systems of the Company and annual assessment results, which is linked to their position and performance. Chief compliance officer will receive compensation protection according to regulatory requirements.
Actual payments of remuneration of Directors, Supervisors and senior management	Please see relevant content in this section of this report for details of the remuneration of the existing Directors, Supervisors and senior management and those resigned during the Reporting Period.
Actual total remuneration of all the Directors, Supervisors and senior management as at the End of the Reporting Period	The total remuneration accrued and released to all the Directors, Supervisors and senior management for 2022 was RMB23.9406 million in 2022.

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

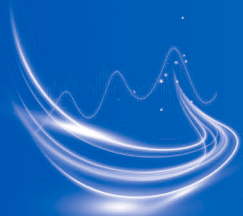
The deferred (settled) compensation of Directors, Supervisors and senior management for 2021 and previous years paid by the Company in 2022: RMB966,600 for Chen Liang, RMB980,500 for Luo Liming, RMB1.1335 million for Wu Guofang, RMB1.0995 million for Liang Shipeng, RMB764,900 for Chen Jijiang, RMB1.4485 million for Fan Minfei, RMB1.1922 million for Jiang Yuesheng, and RMB1.4821 million for Chen Gongyan.

SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF



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

Name	Position	Changes	Reason for changes
Chen Liang	Executive Director, Chairman of the Board and Chairman of the Executive Committee	Election	At the ninth (extraordinary) meeting of the fourth session of the Board on 13 July 2022, it was agreed to appoint Mr. Chen Liang as the Chairman of the Board of the Company.
Wang Sheng	Executive Director, Vice Chairman of the Board, Vice Chairman of the Executive Committee and President	Election	On 13 July 2022, at the ninth (extraordinary) meeting of the fourth session of the Board of the Company, Mr. Wang Sheng was proposed to serve as an executive Director of the Company and was appointed as the President and the Vice Chairman of the Executive Committee. On 18 August 2022, Mr. Wang Sheng was elected as an executive Director of the fourth session of the Board at the first extraordinary general meeting for 2022. On the same date, at the tenth (extraordinary) meeting of the fourth session of the Board, it was agreed for Mr. Wang Sheng to serve as Vice Chairman of the Board cum a member of each of the Strategy and Development Committee and the Compliance and Risk Management Committee.
Chen Gongyan	Executive Director, Chairman of the Board and Chairman of the Executive Committee	Resignation	At the ninth (extraordinary) meeting of the fourth session of the Board on 13 July 2022, it was agreed that Mr. Chen Gongyan, who had reached the retirement age, ceased to serve as the Chairman of the Board, chairman of the Strategy and Development Committee, and chairman of the Executive Committee of the Company. At the first extraordinary general meeting for 2022 on 18 August 2022, it was agreed that Mr. Chen Gongyan ceased to serve as an executive Director of the Company.
Liu Dingping	Non-executive Director	Resignation	On 30 September 2022, the Board of Directors received the resignation letter from Mr. Liu Dingping, who had reached the retirement age, applying for resignation from the Board of Directors and various special committees of the Company. In accordance with the Articles of Association, Mr. Liu Dingping ceased to be a non-executive Director, chairman of the Compliance and Risk Management Committee, member of the Strategy and Development Committee, and member of the Remuneration Committee of the Company with effect from 30 September 2022.



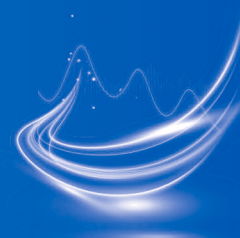
SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

Name	Position	Changes	Reason for changes
Li Hui	Non-executive Director	Election	On 10 March 2023, the Company convened the 2023 first extraordinary general meeting, at which Ms. Li Hui was elected as a non-executive Director of the fourth session of the Board of the Company. On the same date, at the fifteenth (extraordinary) meeting of the fourth session of the Board, it was agreed for Ms. Li Hui to serve as a member of the Compliance and Risk Management Committee, member of the Nomination and Remuneration Committee and member of the Audit Committee.
Qu Yanping	Chairwoman of Supervisory Committee	Election	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 chairwoman of the fourth session of the Supervisory Committee.
Wei Guoqiang	Shareholder Supervisor	Election	On 29 June 2022, the Company convened the 2021 annual general meeting, at which Mr. Wei Guoqiang was elected as a shareholder Supervisor of the fourth session of the Supervisory Committee.
Du Pengfei	Member of Executive Committee, Business Director, and Secretary of the Board	Appointment	On 30 March 2022, the Company held the sixth (regular) meeting of the fourth session of the Board of Directors, and appointed Mr. Du Pengfei as a Business Director of the Company and a member of the Executive Committee. On 29 April 2022, the Company held the seventh (regular) meeting of the fourth session of the Board of Directors, and agreed that Mr. Du Pengfei, Business Director of the Company and a member of the Executive Committee, would concurrently serve as the Secretary of the Board of Directors.

- Notes:* 1 On 13 July 2022, at the ninth meeting (extraordinary) of the fourth session of the Board of the Company, Mr. Chen Liang was elected to serve as Chairman of the Board and Chairman of the Executive Committee, who shall also act as the legal representative of the Company and Chairman of the Strategy and Development Committee of the Board in accordance with the Articles of Association and other policies, and cease to act as Vice Chairman of the Board, President and Vice Chairman of the Executive Committee of the Company. On 27 July 2022, the Company completed the registration procedures for the change of legal representative and obtained the updated Business License issued by the Beijing Administration for Market Regulation. The current legal representative of the Company is Mr. Chen Liang.
- 2 On 30 September 2022, Mr. Wang Sheng, an executive Director of the Company, was appointed as the authorized representative of the Company to replace Mr. Liu Dingping.

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

Nil



VI. STAFF AND REMUNERATION

(i) Staff

Number of employees of the Company	9,789
Number of employees of major subsidiaries	3,376
Total number of employees	13,165
Number of resigned and retired employees with expenses borne by the Company and major subsidiaries	901

Profession Structure

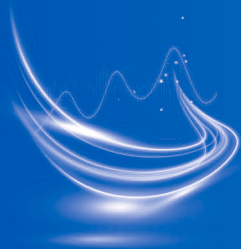
Category	Number of persons
Securities broker	8,615
Futures broker	517
Investment bank	439
Asset management	165
Proprietary trading	294
Private equity investment	45
Investment research	252
Clearing	249
Legal/Risk Control/Audit	813
IT	740
Planning and Finance	370
Administrative management	666
Total	13,165

Educational Background

Category	Number of persons
Doctors	108
Masters	3,063
Bachelors	8,284
Associate degree and below	1,710
Total	13,165

As at the End of the Reporting Period, the proportion of male and female employees (including senior management) of the Group was 53.1% and 46.9%, respectively. The Board considers that the Group has a balanced ratio of male to female employees.

The Group has adopted suitable recruitment and selecting measures, and established talent management and training programs to consider a diversified pool of candidates. During the Reporting Period, the Board is not aware of any mitigating factors or circumstances that make it more challenging or less relevant to achieve gender diversity among all employees, including senior management.



SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

(ii) Remuneration Policy

The remuneration of staff of the Company comprises 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 managerial 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, “Galaxy Academy”, the online training and learning platform of China Galaxy Securities, released a total of 401 courses, with a total course duration of 548.7 hours and a total course playing duration of 145,297.7 hours; As at the End of the Reporting Period, the platform had a total of 1,638 courses, with a total course duration of 1,782.9 hours and a total course playing duration of 715,988.3 hours. During the Reporting Period, the corporate organisational function of the Company organised 60 offline training sessions, with a total training duration of 187,000 class hours and a total of 18,000 arrivals (including personnel of the headquarters and branches).

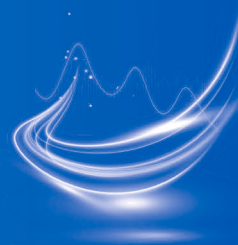
The Company’s training covers management training, business training, general skills training, vocational skills training and Party school training. The Company continuously promoted the development of courses for the core positions and systems in its principal business areas and the establishment of a team of internal trainers, in a bid to accumulate and deploy the Company’s internal training resources to boost its growth.

(iv) Labor Outsourcing

Total working hours outsourced	265,391.5 working hours
Total remuneration paid for labour outsourcing	RMB13,144,084.73

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

Securities brokers entered into agency contracts with the Company, accepting the Company’s mandate. They are natural persons other than the Company’s employees who act as agents and engage in brokerage related activities such as client solicitation and client services within the authorisation of the Company. The Company adopts centralised management of such brokers. The headquarters of the Company formulated securities broker management measures and related systems, established a securities broker management platform, and centralised the management of securities branches and brokers’ qualification review, registration, business training, performance appraisal, risk control etc. The Company’s securities branches are responsible for the daily management of brokers. As at the End of the Reporting Period, there were 596 brokers working for the Company.



I. INFORMATION ON CORPORATE GOVERNANCE

(i) Overview of Corporate Governance

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

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

During the Reporting Period, the Company continued to pay attention to the completeness of the governance system. In accordance with the “Securities Law”, “Listed Company Supervision Guidelines” and other laws, regulations and listing rules revised from time to time, combined with the actual situation of the Company, a total of 9 corporate governance systems such as the “Administrative Measures for Raised Funds”, “Management System for Standardizing Fund Transfer with Related Parties”, “Information Disclosure Management System”, “Investor Relations Management System”, “Accountability System for Major Errors in Annual Report Information Disclosure”, “Major Information Internal Reporting System”, “Reporting System for Major Emergencies and Operational Management Matters”, “Management System for the Shares Held by Directors, Supervisors and Senior Management and Their Changes”, and “Working Rules for Submitting Resolutions to the Board of Directors” were revised to ensure the advanced nature of the governance system and governance mechanism. As of the disclosure date of this report, the above amendments have completed the procedures for decision-making and have 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.

Meanwhile, the Company strictly abides by the “Corporate Governance Code” in Appendix 14 to the Stock Exchange Listing Rules, fully complies with all the provisions with the exception of Code Provision F.2.2, and has met the requirements of most of the recommended best practices listed in the “Corporate Governance Code. Pursuant to Code Provision F.2.2, the chairman of the Board shall attend the annual general meeting. Mr. Chen Gongyan, the then Chairman of the Company, was unable to attend the 2021 annual general meeting of the Company due to other work commitments and he delegated Mr. Chen Liang, the then Deputy Chairman, to chair the meeting and had effective communication with the shareholders.



SECTION IX CORPORATE GOVERNANCE REPORT

(ii) Information of Insider Registration Management

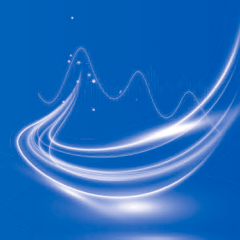
Subject to the Requirements for the Establishment of Administrative System for Registration of Insider of Listed Companies issued by the CSRC, the Company has formulated and strictly implemented the Insider Registration System of the Company, and has conducted registration and filing of insiders in accordance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



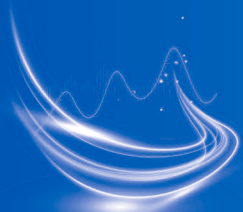
II. INTRODUCTION TO GENERAL MEETINGS

Session of meeting	Date of the meeting	Index for the designated websites on which resolutions were published	Date of publication of resolutions	Resolution(s) of the meeting
2021 annual general meeting	29 June 2022	http://www.sse.com.cn www.hkexnews.hk www.chinastock.com.cn	29 June 2022	For details of resolutions of the meeting, please refer to the announcement on the poll results of general meeting
2022 first extraordinary general meeting	18 August 2022	http://www.sse.com.cn www.hkexnews.hk www.chinastock.com.cn	18 August 2022	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 2 general meetings, the details and resolutions of which are as follows:

- On 29 June 2022, the 2021 annual general meeting was held, at which the 2021 Annual Work Report of the Board of Directors, the 2021 Annual Work Report of the Supervisory Committee, the Resolution on 2021 Annual Report of the Company, the Resolution on 2021 Final Accounts Plan of the Company, the Resolution on 2021 Profit Distribution Plan of the Company, the Resolution on 2022 Capital Expenditure Budget of the Company, the Resolution on 2022 Appointment of the External Audit Firms of the Company, the Resolution on Remuneration Settlement Plan of Mr. Chen Gongyan in 2020, the Resolution on Remuneration Settlement Plan of Ms. Chen Jing in 2020, the Resolution on Revising the Rules of Procedure of the Supervisory Committee, the Resolution on Election of Mr. Wei Guoqiang as Shareholder Supervisor of the Fourth Session of the Supervisory Committee, and the Resolution on Proposed Consideration of the General Mandate to Issue Shares at the Annual General Meeting were considered and approved, and heard the 2021 Performance Report of Independent Directors.
- On 18 August 2022, the first extraordinary general meeting for 2022 was held, at which the Resolution on Mr. Chen Gongyan's Resignation as Executive Director, the Resolution on Appointment of Mr. Wang Sheng as Executive Director of the Company and the Resolution on Issuance of Perpetual Subordinated Bonds were considered and approved.



SECTION IX CORPORATE GOVERNANCE REPORT

III. BOARD MEETINGS AND PERFORMANCE OF DUTIES BY DIRECTORS

(i) Composition of the Board of Directors

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

The Board currently comprises 11 Directors, including 2 executive Directors (Mr. Chen Liang and Mr. Wang Sheng), 5 non-executive Directors (Mr. Yang Tijun, Ms. Li Hui, 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 Liang is the chairman of the Board of the Company and Mr. Wang Sheng is the president of the Company. There is no relation (including financial, business, family and other major or relevant relations) between or amongst the Directors, Supervisors and senior management officers. During the Reporting Period and as of the date of this report, the changes in the members of the Board are shown in the section headed “Section VIII Directors, Supervisors, Senior Management and Staff – IV. Changes in Directors, Supervisors and Senior Management of the Company”.

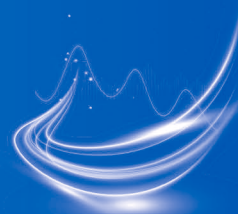
Directors are elected by the general meeting and are eligible for re-election upon the expiration of the term, which is 3 years. The Company confirms that it has received the annual confirmation of independence from each of the independent Directors pursuant to Rule 3.13 of the Stock Exchange Listing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

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

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

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

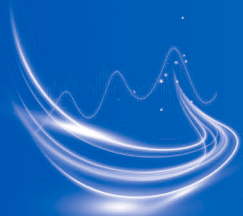
SECTION IX CORPORATE GOVERNANCE REPORT



(ii) Attendance of Directors at Board Meetings and Annual General Meetings during the Reporting Period

Name of Director	Independent Director	Attendance at Board meetings						Attendance at annual general meetings
		Required attendance during the year	Attendance in person	Attendance via communication device	Attendance by proxy	Absence	Absence from two consecutive meetings in person	Attendance at annual general meetings
Chen Liang	No	10	10	2	0	0	No	2
Wang Sheng (Appointed on 18 August 2022)	No	4	4	0	0	0	No	1
Yang Tijun	No	9	9	2	0	0	No	2
Liu Chang	No	9	9	4	0	0	No	2
Liu Zhihong	No	9	9	5	0	0	No	2
Liu Ruizhong	Yes	10	10	2	0	0	No	2
Wang Zhenjun	Yes	10	10	4	0	0	No	2
Liu Chun	Yes	10	10	8	0	0	No	2
Law Cheuk Kin, Stephen	Yes	10	10	10	0	0	No	2
Jiang Yuesheng	No	9	9	8	0	0	No	2
Chen Gongyan (Resigned on 18 August; 2022)	No	4	4	2	0	0	No	0
Liu Dingping (Resigned on 30 September 2022)	No	7	7	2	0	0	No	2

Number of Board meetings held during the year	10
Of which: Number of on-site meetings	8
Number of meetings held via communication device	2
Number of meetings held by way of combination of both	8
Number of general meetings held during the year	2



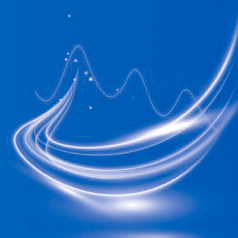
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(iii) Meetings of the Board Held during the Reporting Period

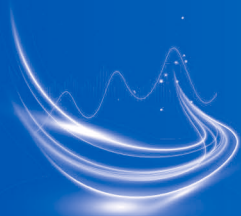
The Board performs its duties in accordance with the relevant regulations and the requirements of the Articles of Association and the Rules of Procedure of the Board of Directors. During the Reporting Period, the Company held 10 Board meetings through communication tool or a combination of on-site meeting and communication tool, details of which are as follows:

Session of meeting	Date of the meeting	Resolution(s) of the meeting
The 5th Meeting (Extraordinary) of the Fourth Session of the Board of Directors	12 January 2022	The Resolution on the Adjustment of the Plan for the Public Issuance of A Share Convertible Corporate Bonds of the Company, the Resolution on the Proposed Plan (Revised Draft) for the Public Issuance of A Share Convertible Corporate Bonds of the Company, the Resolution on the Feasibility Report (Revised Draft) on the Use of Proceeds from the Public Issuance of A Share Convertible Bonds of the Company, and the Resolution on the Dilution of the Current Returns by the Public Issuance of A Share Convertible Corporate Bonds and the Remedial Measures (Revised Draft) were considered and approved at the meeting. In addition, the Resolution on Remuneration Settlement Plan for Senior Management in 2020 was considered and approved at the meeting. The remuneration plan for the chairman of the Board of Directors and the chairman of the Supervisory Committee shall be submitted for consideration by the annual general meeting, while that for senior management shall be presented to the annual general meeting.
The 6th Meeting (Regular) of the Fourth Session of the Board of Directors	30 March 2022	The Resolution on the 2021 Compliance Report of the Company, the Resolution on the 2021 Risk Management Report of the Company, the Resolution on the 2021 Internal Control Evaluation Report of the Company, the Resolution on the 2021 Information Technology Management Report of the Company, the Resolution on the 2021 Social Responsibility and Environmental, Social and Governance Report of the Company, the 2021 Annual Work Report of the Management, the Key Tasks of the Board of Directors in 2022, the 2021 Duty Performance Report of the Audit Committee of the Board of Directors, the Resolution on the 2022 Work Plan of the Company, the Resolution on the Appointment of Mr. Luo Liming as Vice President and Executive Committee Member of the Company, the Resolution on the Appointment of Mr. Du Pengfei as Business Director and Executive Committee Member of the Company, the Resolution on Rules (Revised in 2022) for Integrity of the Company, as well as the Resolution on Convening the 2021 Annual General Meeting of the Company were considered and approved at the meeting. Moreover, the Resolution on 2021 Final Accounts Plan of the Company, the Resolution on 2021 Profit Distribution Plan of the Company, the Resolution on 2021 Annual Report of the Company, the 2021 Annual Work Report of the Board of Directors, the 2021 Performance Report of Independent Directors, the Resolution on 2022 Capital Expenditure Budget of the Company, and the Resolution on General Mandate to Issue Shares were considered and approved at the meeting, and were submitted for consideration/report by the annual general meeting.

SECTION IX CORPORATE GOVERNANCE REPORT

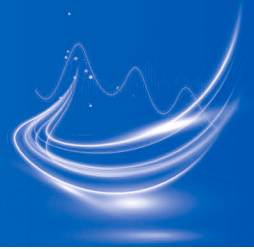


Session of meeting	Date of the meeting	Resolution(s) of the meeting
The 7th Meeting (Regular) of the Fourth Session of the Board of Directors	29 April 2022	The Resolution on the Report for the First Quarter of 2022 of the Company, the Resolution on Capital Increase in Galaxy Futures Co., Ltd. and the Resolution on the Appointment of Mr. Du Pengfei as Secretary of the Board of the Company were considered and approved at the meeting. In addition, the Resolution on 2022 Appointment of the External Audit Firms of the Company was considered and approved at the meeting, and submitted to the shareholders' general meeting for consideration.
The 8th Meeting (Extraordinary) of the Fourth Session of the Board of Directors	16 June 2022	The Resolution on Market Making Business of Stocks on the Science and Technology Innovation Board was considered and approved at the meeting.
The 9th Meeting (Extraordinary) of the Fourth Session of the Board of Directors	13 July 2022	The Resolution on Mr. Chen Gongyan's Resignation as Chairman of the Board of Directors and Director of the Company, the Resolution on Appointment of Mr. Chen Liang as Chairman of the Board, and the Resolution on Convening the 2022 First Extraordinary General Meeting of the Company were considered and approved at the meeting. In addition, the Resolution on Issuance of Perpetual Subordinated Bonds and the Resolution on Appointment of Mr. Wang Sheng as Executive Director and President of the Company were considered and approved at the meeting.
The 10th Meeting (Extraordinary) of the Fourth Session of the Board of Directors	18 August 2022	The Resolution on Appointment of Mr. Wang Sheng as Vice Chairman of the Fourth Session of the Board of Directors, the Resolution on Adjustment to the Composition of Special Committees of the Board of Directors, the Resolution on Authority Delegation Management System from the Board of Directors to the Executive Committee of the Company, and the Resolution on Revision of Authority Delegation Scheme from the Board of Directors to the Executive Committee of the Company were considered and approved at the meeting.
The 11th Meeting (Regular) of the Fourth Session of the Board of Directors	30 August 2022	The Resolution on 2022 Interim Report of the Company, the Resolution on the Special Report on the Deposit and Actual Use of the Proceeds in the First Half of 2022, and the Resolution on Appointment of Mr. Luo Liming as Chief Information Officer of the Company were considered and approved at the meeting.



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Session of meeting	Date of the meeting	Resolution(s) of the meeting
The 12th Meeting (Regular) of the Fourth Session of the Board of Directors	27 October 2022	The Resolution on the Report for the Third Quarter of 2022 of the Company, the Resolution on Application for Market-Making Trading Business of Listed Securities of the Company, the Resolution on Income Certificate Subscription and Redemption Framework Agreement to Be Entered into between the Company and Galaxy Financial Holdings and Turnover Ceilings to Be Set for Related Party Transactions, the Resolution on Capital Increase in Galaxy Yuanhui Investment Co., Ltd., the Resolution on Capital Increase in Galaxy International Holdings, the Resolution on Adjustment of CGS-CIMB Branches, and the Resolution on 2021 Review of Assessment Results of Chief Compliance Officer during 2019-2021 Tenure by the Board of Directors were considered and approved at the meeting.
The 13th Meeting (Extraordinary) of the Fourth Session of the Board of Directors	29 December 2022	The Resolution on Information Disclosure Management System of the Company, the Resolution on Investor Relations Management System of the Company, the Resolution on Accountability System for Material Errors in Information Disclosure, the Resolution on Internal Reporting System for Material Information, the Resolution on Reporting System for Major Emergencies and Business Management Matters, the Resolution on Management System for Shareholdings of Directors, Supervisors and Senior Management and Their Changes, the Resolution on Rules for Submission of Resolutions of the Board of Directors, the Resolution on Amendment to the Management Measures (Revised in 2022) for Margin Trading Business, and the Resolution on Convening Extraordinary General Meetings of the Company were considered and approved at the meeting. Moreover, the Resolution on Measures for the Management of Proceeds of the Company, the Resolution on the Management System for Standardisation of Funds from and to Related Parties, the Resolution on Recommendation of Ms. Li Hui as a Candidate for Director of the Company, and the Resolution on Remuneration Settlement Plan for Senior Management in 2021 were considered and approved at the meeting. The remuneration plan for the chairman of the Board of Directors and the chairman of the Supervisory Committee shall be submitted for consideration by the annual general meeting, while that for senior management shall be presented to the annual general meeting.
The 2nd Meeting of Non-executive Directors of the Fourth Session of the Board of Directors	29 December 2022	Communication and exchange on matters relating to the construction of the Board of Directors and the operation and management of the Company.



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

Nil

(v) Term of Office of Non-executive Directors

Currently, the Company has 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 organisations, appointing or dismissing the general manager (president), the secretary of the Board and the compliance officer, appointing or dismissing the deputy general manager (vice-president), the finance manager and other senior management officers according to the nomination by the general manager (president) and determining their remuneration and incentive and punishment, establishing the basic administrative systems of the Company and supervising, reviewing and evaluating the establishment and execution of various internal control systems of the Company.

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

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

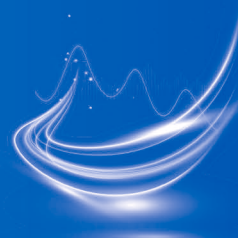


SECTION IX CORPORATE GOVERNANCE REPORT

(vii) Training of Directors

No.	Date of training	Main content	Directors who participated in the training
1	28 January 2022	Interpretation of highlights in Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (Revised in January 2022) and supporting self-disciplinary regulation guides	Chen Liang, Yang Tijun, Liu Chang, Liu Zhihong, Liu Ruizhong, Wang Zhenjun, Liu Chun, Law Cheuk Kin Stephen, Jiang Yuesheng, Chen Gongyan and Liu Dingping
2	8 February 2022	Revision of self-disciplinary regulation rules for listed companies	Chen Liang, Yang Tijun, Liu Chang, Liu Zhihong, Liu Ruizhong, Wang Zhenjun, Liu Chun, Law Cheuk Kin Stephen, Jiang Yuesheng, Chen Gongyan and Liu Dingping
3	15 April 2022	Guidelines for Effective Audit Committees – Selection, Appointment and Reappointment of Auditors	Chen Liang, Yang Tijun, Liu Chang, Liu Zhihong, Liu Ruizhong, Wang Zhenjun, Liu Chun, Law Cheuk Kin Stephen, Jiang Yuesheng, Chen Gongyan and Liu Dingping
4	5 June 2022	2022 Second Follow-up Training Program for Independent Directors of Listed Companies	Law Cheuk Kin, Stephen
5	4 August 2022	Regulation on anti-money laundering, characteristics of risk management on money laundering and terrorist financing in the securities sector, and risk self-assessment on money laundering and terrorist financing	Yang Tijun
6	27 October 2022	Latest ESG regulatory requirements and prospects	Chen Liang, Wang Sheng, Yang Tijun, Liu Chang, Liu Zhihong, Liu Ruizhong, Wang Zhenjun, Liu Chun, Law Cheuk Kin Stephen, and Jiang Yuesheng

SECTION IX CORPORATE GOVERNANCE REPORT



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. As at the date of disclosure of this Report, the composition of each special committee under the Board is as follows:

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

Notes:

- 1、 Mr. Chen Gongyan ceased to be the Chairman of the Strategy and Development Committee on 13 July 2022 because of retirement at age.
- 2、 With effect from 18 August 2022, (i) Mr. Wang Sheng acted as a member of each of the Strategy and Development Committee and the Compliance and Risk Management Committee; and (ii) Mr. Chen Liang ceased to be a member of the Compliance and Risk Management Committee.
- 3、 Mr. Liu Dingping ceased to be the Chairman of the Compliance and Risk Management Committee, and a member of each of the Strategy and Development Committee and the Nomination and Remuneration Committee on 30 September 2022 because of retirement at age.
- 4、 With effect from 10 March 2023, (i) Ms. Li Hui acted as a member of each of the Compliance and Risk Management Committee, the Nomination and Remuneration Committee and the Audit Committee; and (ii) Ms. Liu Chang acted as a member of the Strategy and Development Committee, and ceased to be a member of the Audit Committee.



SECTION IX CORPORATE GOVERNANCE REPORT

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

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

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

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

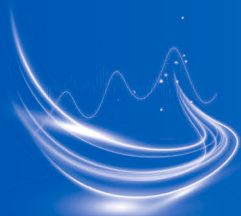


③ **Functions of the Nomination and Remuneration Committee:**

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

④ **Functions of the Audit Committee:**

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

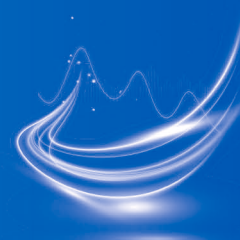


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(1). During the Reporting Period, the Strategy and Development Committee convened 6 meetings

Date of Meeting	Content of Meeting	Key Opinions and Recommendations
22 March 2022	<p>The Resolution on 2021 Information Technology Management Report, the Resolution on 2021 Profit Distribution Plan of the Company, the 2022 Work Plan of the Company, the Resolution on 2022 Capital Expenditure Budget of the Company, the 2021 Annual Work Report of the Board of Directors, the Resolution on General Mandate to Issue Shares, and the 2021 Duty Performance Report of the Strategy and Development Committee of the Board of Directors were considered and approved at the meeting, and were submitted for consideration by the Board of Directors. In addition, the attendees heard the Implementation of the Guarantee Provided by China Galaxy International for CGS-CIMB and the Report on Analysis of the Malaysian National Identity of CGS-CIMB Holdings.</p>	-
28 April 2022	<p>The Resolution on Capital Increase in Galaxy Futures Co., Ltd. was considered and approved at the meeting, and was submitted for consideration by the Board of Directors.</p>	<p>The Company shall steadily advance the capital increase plan and strengthen the risk management of Galaxy Futures.</p>
16 June 2022	<p>The Resolution on Market Making Business of Stocks on the Science and Technology Innovation Board was considered and approved at the meeting, and was submitted for consideration by the Board of Directors.</p>	<p>Upholding the principle of “launching the business steadily and keeping risks under control”, the Company shall attach great importance to risk management, systematically study the substance of risks in new businesses and incorporate it into the Company’s comprehensive risk management system to establish and improve the mechanism to predict, evaluate, prevent and resolve risks when carrying out market making business on the Science and Technology Innovation Board. The Company shall enhance construction of trading systems and the support with talent teams in the middle and back offices, so as to ensure that business development matches operation and management capabilities and risk management capabilities.</p>
5 July 2022	<p>The Resolution on Issuance of Perpetual Subordinated Bonds was considered and approved at the meeting, and was submitted for consideration by the Board of Directors.</p>	-

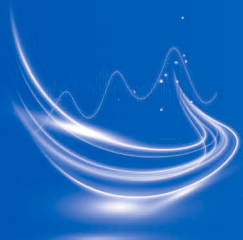
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Date of Meeting	Content of Meeting	Key Opinions and Recommendations
26 October 2022	The Resolution on Application for the Qualification of Market-Making Trading Business of Listed Securities of the Company, the Resolution on Capital Increase in Galaxy Yuanhui, the Resolution on Capital Increase in China Galaxy International, and the Resolution on Adjustment of CGS-CIMB Branches were considered and approved at the meeting, and was submitted for consideration by the Board of Directors.	The Company and its subsidiaries shall further improve their awareness of risk prevention and strengthen risk control.
28 December 2022	The Resolution on Measures for the Management of Proceeds of the Company, the Resolution on the Management System for Standardisation of Funds from and to Related Parties, the Resolution on Information Disclosure Management System of the Company, the Resolution on Investor Relations Management System of the Company, the Resolution on Accountability System for Material Errors in Information Disclosure, the Resolution on Internal Reporting System for Material Information, the Resolution on Reporting System for Major Emergencies and Business Management Matters, the Resolution on Management System for Shareholdings of Directors, Supervisors and Senior Management and Their Changes, and the Resolution on Rules for Submission of Resolutions of the Board of Directors were considered and approved at the meeting, and was submitted for consideration by the Board of Directors.	–

Notes:

1. On 18 February 2022, members of the Strategy and Development Committee participated in the special report meeting on capital increase of Galaxy Futures.
2. On 10 March 2022, members of the Strategy and Development Committee conducted a survey on the improvement of business competitiveness of subsidiaries, and listened to the reports of Galaxy Jinhui and Galaxy Capital on improving business competitiveness.
3. On 22 March 2022, members of the Strategy and Development Committee participated in an internal interview with top executives of the 2023-2025 strategic planning.
4. From 9 June to 13 June 2022, and on 15 July 2022, members of the Strategy and Development Committee conducted a special survey on the directly managed enterprises serving the national strategy and implementing a package of policies to stabilize the economy.
5. From 21 July to 25 July 2022, members of the Strategy and Development Committee went to Dalian Branch to investigate the transformation of wealth management, and went to Galaxy Futures Liaoning Branch to investigate the situation of serving the national strategy.
6. From 9 August to 10 August 2022, members of the Strategy and Development Committee went to Inner Mongolia Branch to investigate the transformation of wealth management.
7. From 13 September to 17 September 2022, members of the Strategy and Development Committee went to Shanghai Branch conducted research on the transformation of wealth management, and went to Galaxy Futures, Galaxy Derivatives and Galaxy Yuanhui to conduct research on improving business competitiveness of subsidiaries.
8. On 10 October 2022, at the communication meeting of the Board of Directors, the resolutions on Galaxy Lianchang closing the US and Indian branches, and on capital increase of Galaxy International were communicated.



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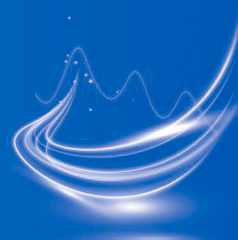
Attendance of members at meetings

Name	Position	Required attendance	Actual attendance
Chen Liang	Chairman	6	6
Wang Sheng (Appointed on 18 August 2022)	Member	2	2
Yang Tijun	Member	6	6
Liu Zhihong	Member	6	6
Liu Ruizhong	Member	6	6
Wang Zhenjun	Member	6	6
Chen Gongyan (Resigned on 13 July 2022)	Chairman	4	4
Liu Dingping (Resigned on 30 September 2022)	Member	4	4

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

Date of Meeting	Content of Meeting	Key Opinions and Recommendations
22 March 2022	The Resolution on the 2021 Compliance Report of the Company, the 2021 Anti-Money Laundering Report of the Company, the 2021 Report on Integrity Management of the Company, the Resolution on Rules on Integrity (Revised in 2022) of the Company, the Resolution on the 2021 Risk Management Report of the Company, the Resolution on Group's Risk Appetite (Revised in 2022), and the 2021 Duty Performance Report of the Compliance and Risk Management Committee of the Board of Directors were considered and approved at the meeting, and were submitted for consideration by the annual general meeting. In the meantime, the attendees heard the Report on Comprehensive Screening of Risks and Hidden Dangers Facing the Company.	In addition to day-to-day compliance and risk management, the Company should next focus on improving the sensitivity of risk perception, the accuracy of risk assessment and the timeliness of emergency response in key areas, key businesses, innovative businesses and key parts.
18 August 2022	The Report on Compliance Management in the First Half of 2022 was considered and approved at the meeting, and was submitted for consideration by the Board of Directors. The attendees also heard the Report on the Group's Risk Management in the First Half of 2022.	The Company shall further enhance the consolidated management on risk appetite.
26 October 2022	The Request for Instruction on Review of Assessment Results of the Compliance of Chief Compliance Officer by the Compliance and Risk Management Committee of the Board of Directors was considered and approved at the meeting.	—

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Notes:

1. Since March 2022, members of the Compliance and Risk Management Committee have reviewed the “Galaxy Securities Group Risk Management Daily” and the “Galaxy Securities Financial Services, Snowball, Commodities and Other Business-related Daily Reports”, and reviewed the “Galaxy Securities Compliance Management Report” every month.
2. On 4 August 2022, members of the Compliance and Risk Management Committee participated in the trainings on: the current anti-money laundering regulatory situation, the characteristics of money laundering and terrorist financing risk management in the securities industry, and self-assessment of money laundering and terrorist financing risks.
3. In 2022, the Company’s regulatory indicators, group risk preference and risk quota were generally well executed, no major risk incidents occurred, the stock risks were continuously resolved, and the risk prevention and control system effectively operated.

Attendance of members at meetings

Name	Position	Required attendance	Actual attendance
Wang Sheng (Appointed on 18 August 2022)	Member	2	2
Yang Tijun	Member	3	3
Wang Zhenjun	Member	3	3
Liu Chun	Member	3	3
Jiang Yuesheng	Member	3	3
Chen Liang (Resigned on 18 August 2022)	Member	1	1
Liu Dingping (Resigned on 30 September 2022)	Chairman	2	2

(3) During the Reporting Period, the Nomination and Remuneration Committee convened 7 meetings

Date of Meeting	Content of Meeting	Key Opinions and Recommendations
11 January 2022	The Resolution on Remuneration Settlement Plan for Senior Management in 2020 was considered and approved at the meeting.	–
23 March 2022	The Resolution on the Appointment of Mr. Luo Liming as Vice President and Executive Committee Member of the Company, the Resolution on the Appointment of Mr. Du Pengfei as Business Director and Executive Committee Member of the Company, and the 2021 Duty Performance Report of the Nomination and Remuneration Committee of the Board of Directors were considered and approved at the meeting, and submitted for consideration by the Board of Directors.	–
28 April 2022	The Resolution on the Appointment of Mr. Du Pengfei as Secretary of the Board of the Company was considered and approved at the meeting, and submitted for consideration by the Board of Directors.	–



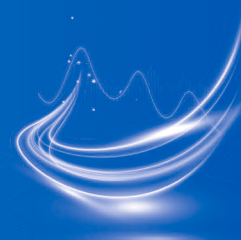
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Date of Meeting	Content of Meeting	Key Opinions and Recommendations
30 June 2022	The Resolution on Mr. Chen Gongyan's Resignation as Chairman of the Board of Directors and Director of the Company and the Resolution on Appointment of Mr. Chen Liang as Chairman of the Board were considered and approved at the meeting, and submitted for consideration by the Board of Directors.	–
12 July 2022	The Resolution on Appointment of Mr. Wang Sheng as Executive Director and President of the Company was considered and approved at the meeting, and submitted for consideration by the Board of Directors.	–
18 August 2022	The Resolution on Adjustment to the Composition of Special Committees of the Board of Directors was considered and approved at the meeting, and submitted for consideration by the Board of Directors.	–
28 December 2022	The Resolution on Recommendation of Ms. Li Hui as a Candidate for Director of the Company and the Resolution on Remuneration Settlement Plan for Senior Management in 2021 were considered and approved at the meeting, and submitted for consideration by the Board of Directors.	–

Attendance of members at meetings

Name	Position	Required attendance	Actual attendance
Liu Ruizhong	Chairman	7	7
Wang Zhenjun	Member	7	7
Liu Chun	Member	7	7
Law Cheuk Kin, Stephen	Member	7	7
Liu Chang	Member	7	7
Liu Dingping (Resigned on 30 September 2022)	Member	6	6

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(4) During the Reporting Period, the Audit Committee convened 8 meetings

Date of Meeting	Content of Meeting	Key Opinions and Recommendations
11 January 2022	The Management Measures (Revised in 2021) on the Audit of Internal Control of China Galaxy Securities Co., Ltd. was considered and approved at the meeting.	–
23 March 2022	The Resolution on 2021 Final Accounts Plan of the Company, the Resolution on 2021 Annual Report of the Company, the Resolution on the 2021 Social Responsibility and Environmental, Social and Governance Report of the Company, the Resolution on 2021 Internal Control Evaluation Report of the Company, and the 2021 Duty Performance Report of the Audit Committee of the Board of Directors were considered and adopted at the meeting, and submitted for consideration by the Board of Directors. Meanwhile, the Request for Instruction for 2022 Internal Audit Work Plan was considered and adopted at the meeting, during which the attendees heard the report from the external audit firm on the audit work in 2021.	The Company shall conduct tests on the potential valuation and impairment of financial assets as soon as possible.
28 April 2022	The Resolution on the Report for the First Quarter of 2022 of the Company and the Resolution on 2022 Appointment of the External Audit Firms of the Company were considered and approved at the meeting, and submitted for consideration by the Board of Directors. Meanwhile, the attendees heard the report on the audit of related party transactions in 2021.	It's advised that the Company shall promptly come up with corrective measures for the audit of related party transactions.
18 August 2022	The 2021 Management Letter of Proposal was considered and approved at the meeting. It adopted and resolved to submit the Resolution on the 2022 Interim Report of the Company to the Board of Directors for consideration. In the meantime, a report on the interim review for 2022 was heard at the meeting.	It's advised that the "Potential Risks Facing China Galaxy Securities" shall be added by the external audit firm when the relevant report is made to the Audit Committee in the second half of 2022.
29 August 2022	The Resolution on the Special Report on the Deposit and Actual Use of the Proceeds from Offering of Convertible Bonds of the Company was considered and approved at the meeting, and were submitted for consideration by the Board of Directors. Meanwhile, the attendees heard the Request for Instruction on the Code of Conduct for Internal Auditors of the Company and the Audit Report on the Utilisation of the Proceeds from Public Issuance of A Share Convertible Corporate Bonds in 2022.	–



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Date of Meeting	Content of Meeting	Key Opinions and Recommendations
26 October 2022	The Resolution on the Report for the Third Quarter of 2022 of the Company, and The Resolution on the Execution of Connected Transactions between the Company and Galaxy Financial Holdings and the Establishment of Annual Cap thereof were considered and approved at the meeting, and were submitted for consideration by the Board of Directors.	–
2 December 2022	The attendees heard the Report on the 2022 Annual Audit Plan of the Company.	<ol style="list-style-type: none"> As there were capital increases in China Galaxy International Holdings, Galaxy Yuanhui and Galaxy Futures in 2022, the audit team shall focus on the effectiveness of these capital increases and the risk of investments of the Company's own funds. Attention shall be paid to the risks arising from the agency sale of products of financial institutions.
28 December 2022	The 2022 Implementation Plan for Evaluation of Internal Control of the Company was considered and approved at the meeting. Meanwhile, the attendees heard the 2022 Work Report and Work Plan from ESG Taskforce of the Company.	–

Notes:

- In 2022, members of the Audit Committee identified the Company's shortcomings in ESG work and management based on the latest regulatory requirements of the Hong Kong Stock Exchange, the Company's MSCI ESG rating report diagnosis and peer benchmarking practices, and discussed the work that could be improved in ESG management in 2022; the Committee continued to carry out communication with internal and external stakeholders, learn the supervision and industry development trends of the industry in which the Company operates, and summarize the concerns of various stakeholders.
- On 27 October 2022, members of the Audit Committee participated in the training on the latest regulatory requirements of China Galaxy Securities ESG and prospects.

Attendance of members at meetings

Name	Position	Required attendance	Actual attendance
Liu Chun	Chairman	8	8
Liu Ruizhong	Member	8	8
Wang Zhenjun	Member	8	8
Law Cheuk Kin, Stephen	Member	8	8
Yang Tijun	Member	8	8
Liu Chang	Member	8	8

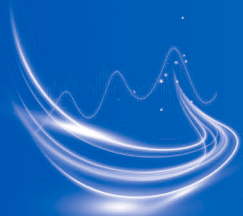


V. OPERATION OF THE SUPERVISORY COMMITTEE

(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 8 meetings in 2022, details of the meetings are as follows:

1. On 12 January 2022, the Company convened the 2022 first extraordinary meeting of the fourth session of the Supervisory Committee, at which the Resolution on the Adjustment of the Plan for the Public Issuance of A Share Convertible Corporate Bonds of the Company, the Resolution on the Proposed Plan (Revised Draft) for the Public Issuance of A Share Convertible Corporate Bonds of the Company, the Resolution on the Feasibility Report (Revised Draft) on the Use of Proceeds from the Public Issuance of A Share Convertible Bonds of the Company, and the Resolution on the Dilution of the Current Returns by the Public Issuance of A Share Convertible Corporate Bonds and the Remedial Measures (Revised Draft) were considered and approved.
2. On 27 January 2022, the Company convened the 2022 second extraordinary meeting of the fourth session of the Supervisory Committee, at which the Resolution on Election of Ms. Qu Yanping as Chairwoman of the Fourth Session of the Supervisory Committee of China Galaxy Securities Co., Ltd. was considered and approved.
3. On 30 March 2022, the Company convened the 2022 first meeting (regular) of the fourth session of the Supervisory Committee, at which the Resolution on 2021 Annual Work Report of the Supervisory Committee, the Key Tasks of the Supervisory Committee in 2022, the Resolution on Recommendation of Candidates for Shareholder Supervisors of the Fourth Session of the Supervisory Committee, the Resolution on 2021 Annual Report of the Company, the Resolution on 2021 Final Accounts Plan of the Company, the Resolution on 2021 Profit Distribution Plan of the Company, the 2022 Work Plan of the Company, the 2021 Compliance Report of the Company, the Resolution on the 2021 Risk Management Report of the Company, the Resolution on 2021 Internal Control Evaluation Report of the Company, and the Resolution on the 2021 Social Responsibility and Environmental, Social and Governance Report of the Company were considered and approved. Attendees also heard the 2021 Anti-Money Laundering Report of the Company and the 2021 Report on Integrity Management of the Company.
4. On 29 April 2022, the Company convened the 2022 third extraordinary meeting of the fourth session of the Supervisory Committee, at which the Resolution on the Report for the First Quarter of 2022 of the Company was considered and approved, and the attendees heard the report on leaders' duty performance benefits and business expenses and the Company's risk exposure.
5. On 27 May 2022, the Company convened the 2022 fourth extraordinary meeting of the fourth session of the Supervisory Committee, at which the Resolution on the Rules (Revised Draft) of Procedures of the Supervisory Committee and the Measures (Revised Draft) for Supervision of the Supervisory Committee were considered and approved.
6. On 29 June 2022, the Company convened the 2022 fifth extraordinary meeting of the fourth session of the Supervisory Committee, at which the Resolution on Adjustment of the Composition of the Financial Supervision and Inspection Committee of the Supervisory Committee was considered and approved.

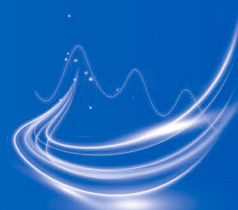


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7. On 30 August 2022, the Company convened the 2022 second meeting (regular) of the fourth session of the Supervisory Committee, at which the Resolution on 2022 Interim Report of the Company and the Resolution on the Special Report on the Deposit and Actual Use of the Proceeds in the First Half of 2022 were considered and approved, and the attendees heard the Report on Risk Self-Assessment on Money Laundering and Terrorist Financing of the Company and the Report on Deficiencies Found in Evaluation of Internal Control and Rectification of Problems in 2021.
8. On 27 October 2022, the Company convened the 2022 third meeting (regular) of the fourth session of the Supervisory Committee, at which the Resolution on the Report for the Third Quarter of 2022 of the Company and the Resolution on Income Certificate Subscription and Redemption Framework Agreement to Be Entered into between the Company and Galaxy Financial Holdings and the Cap Amount for Related Party Transactions of Income Certificate were considered and approved.

(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
Qu Yanping	Chairwoman of Supervisory Committee	8	8	5	3	0
Wei Guoqiang	Shareholder Supervisor	3	3	1	1	1
Tao Libin	External Supervisor	8	8	5	3	0
Chen Jijiang	Employee Supervisor	8	8	5	3	0
Fan Minfei	Employee Supervisor	8	8	5	3	0



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

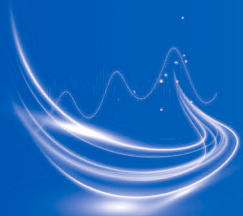
Under its supervision during the Reporting Period, the Supervisory Committee identified no significant risk exposure of the Company. The Company has treated the general risk incidents that occurred and made relevant disclosures in accordance with the corresponding procedures. The Supervisory Committee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

(iv) Training for Supervisors

Date of training	Content of training	Targets of training
18 April 2022	How to effectively exert the role of the Supervisory Committee under the new situation	Qu Yanping, Tao Libin, Chen Jijiang and Fan Minfei
21 July 2022	Nos.7-9 trainings for the Supervisory Committee of listed companies	Qu Yanping, Wei Guoqiang, Tao Libin, Chen Jijiang, Fan Minfei
22 July 2022	Fourth session of initial training for Directors, Supervisors and senior management in 2022 (compulsory for Main Board-listed companies)	Wei Guoqiang
4 August 2022	2022 anti-money laundering training for all staff of the Company	Qu Yanping, Wei Guoqiang, Tao Libin, Chen Jijiang and Fan Minfei
14 October 2022	Fifth session of special training for Directors and Supervisors of listed companies in Beijing in 2022	Qu Yanping, Wei Guoqiang, Tao Libin, Chen Jijiang and Fan Minfei
20 October 2022	Sixth session of special training for Directors and Supervisors of listed companies in Beijing in 2022	Qu Yanping, Wei Guoqiang, Tao Libin, Chen Jijiang and Fan Minfei
27 October 2022	Training on latest ESG regulatory requirements and prospects	Qu Yanping, Wei Guoqiang, Tao Libin, Chen Jijiang and Fan Minfei

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

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



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

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

VIII. ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM

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

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

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

The Board has completed an evaluation on the internal controls of the Group according to the requirements of the Basic Internal Control Norms for Enterprises, the Stock Exchange Listing Rules, the SSE Listing Rules and the relevant requirements of laws and regulations. According to the identification standards for defects in internal control over financial reporting of the Company, as at the reference date of internal control assessment (as at 31 December 2022), there was no material defect or important defect in the Group's internal control over the financial reporting. According to the identification standards for defects in internal control over non-financial reporting of the Company, as at the reference date of internal control assessment, there was no material defect or important defect in the Group's internal control over the non-financial reporting. In the opinion of the Board, the Group has maintained, in all material respects, effective internal control in accordance with the system of the internal control norms for enterprises and the relevant provisions.

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



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

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

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

(iii) Internal Control Development

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

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



SECTION IX CORPORATE GOVERNANCE REPORT

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

(iv) Evaluation of the Effectiveness of Internal Control

The Group has a mechanism for internal control governance. The audit department of the Company conducts audit on the revenue and expenditure of the main operating units of the Group and their operations and organises a self-evaluation on the effectiveness of the Company's internal control system at least once 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.

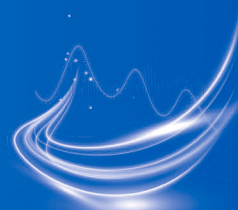
The Group has carried a self-evaluation on the effectiveness of internal control during the year. According to the identification standards for defects in internal control over financial reporting and non-financial reporting, as at the reference date of internal control evaluation (as at 31 December 2022), there was no material defect or important defect in the Group's internal control. Between the reference date of internal control evaluation report and the issue date of internal control evaluation report, there was no factors affecting the validity of the conclusion of the internal control evaluation of the Group.

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

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

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 2022 Audit Report of Internal Control of China Galaxy Securities Co., Ltd. published by the Company on the website of the SSE.

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

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

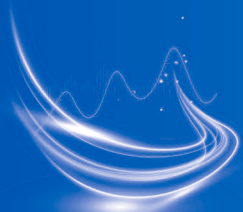
XII. DEVELOPMENT OF COMPLIANCE MANAGEMENT SYSTEM, AND INSPECTION AND AUDIT COMPLETED BY THE COMPLIANCE DEPARTMENT AND THE AUDIT DEPARTMENT DURING THE REPORTING PERIOD

(i) Development of Compliance Management System

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

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

Pursuant to the requirements of the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies issued by the CSRC and the Guidelines for the Implementation of Compliance Management of Securities Companies issued by the Securities Association of China, the Company established a multi-level compliance management system covering the Board of Directors and the Compliance and Risk Management Committee under the Board of Directors, the Supervisory Committee, the senior management, the Chief Compliance Officer, the Legal and Compliance 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 noncompliant conduct, and further enhanced the awareness of staff at all levels of the Company and its subordinate units in discharging their duties, thereby effectively raising the awareness of compliance of the Company as a whole.



SECTION IX CORPORATE GOVERNANCE REPORT

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

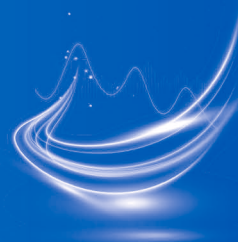
During the Reporting Period, the Company further optimised its compliance management system in a top-down manner, including compliance management department, compliance teams of business departments and compliance personnel of branches and subsidiaries. Through the “standardisation and regulation” in areas including compliance management tools, compliance review standards, compliance inspection drafts, compliance monitoring indicators and compliance assessment procedures, the efficiency of duty performance of compliance management personnel at all levels was improved. It continued to strengthen the “penetrating” compliance management of subsidiaries by providing compliance support for major issues of subsidiaries, constantly exploring ways to optimise 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 organise 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 analysing anti-money laundering, taking into account the difficulties and pain points of monitoring and analysing 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; organised 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.

(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 behaviours, 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 client 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 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 242 audit projects, including 6 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 of the Company; 2 audit projects for economic liabilities of persons in charge of fixed income headquarters; 14 special audit projects for implementation of the Company's strategic development and planning, equity financing business and others; 8 audit projects for economic liabilities and special audit projects of subsidiaries; 8 audit projects for internal control and economic liabilities of branch offices; 106 audit projects for internal control and follow-up audit projects of securities branches, and 98 audit projects for economic liabilities of persons in charge of securities branches.

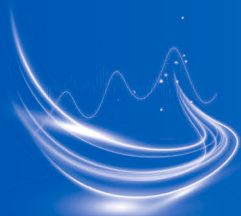
XIII. MISCELLANEOUS

(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.



SECTION IX CORPORATE GOVERNANCE REPORT

(iii) Responsibilities of Directors for Financial Statements

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

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

(iv) Appointment and Remuneration of Audit Firms

1. With the approval by the 2021 annual general meeting, the Company appointed Ernst & Young Hua Ming LLP and Ernst & Young as the Company's external auditors for 2022 to be responsible for the provision of related audit services and review services in accordance with the PRC Accounting Standards for Business Enterprises and the International Financial Reporting Standards, respectively.

	Current appointment
Name of the domestic accounting firm	Ernst & Young Hua Ming LLP
Names of signing accountants	Leung Shing Kit, Guo Yan
Term of audit service of the domestic accounting firm	4 years
Name of the overseas accounting firm	Ernst & Young
Term of audit service of the overseas accounting firm	4 years

Remuneration for accounting firms: In accordance with a resolution passed at the 2021 annual general meeting of the Company, the annual external audit fee of the Company in 2022 amounted to RMB5.08 million, in which the interim review fee amounted to RMB1.38 million, the annual audit fee amounted to RMB2.72 million, the annual internal control audit fee amounted to RMB320,000, fee of agreed procedures for the first and the third quarters amounted to RMB560,000 and the environment, social and governance assurance fee amounted to RMB100,000. In 2022, 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 RMB5.17 million.

2. In addition to the above annual audit fee, the Group incurred total costs of RMB12.071 million in 2022 as it hired other external audit firms to provide audit services such as off-office audit and economic responsibility audit.
3. In 2022, the Group hired Ernst & Young and other external audit firms to provide non-audit services for bond issuance, final settlement and payment of enterprise income taxes and so forth, and incurred total costs of RMB3.142 million.

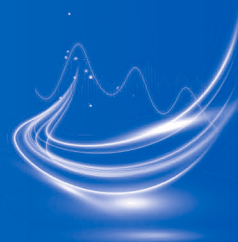
(v) Review by the Audit Committee

The Audit Committee has reviewed the 2022 Consolidated Financial Statements of the Company.

(vi) Company Secretary

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

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

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

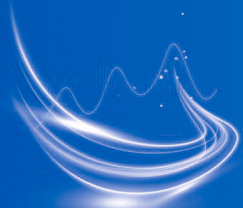
Shareholders may convene an extraordinary general meeting or a class meeting pursuant to Article 76 and Article 81 of the Articles of Association and put forward proposals. Shareholders may attend and vote at general meetings in person and by proxy. The minutes, the signature book of attending shareholders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

The Company shall arrange the Board to answer questions raised by shareholders during the 2022 annual general meeting.

The Company has reviewed the policy on communication with shareholders, and considers that the Company has provided shareholders with diversified channels for the shareholders to understand the business and operations of the Group, and channels for the shareholders to express their opinions and comments. During the Reporting Period, the Company has actively responded to the feedbacks of shareholders. In view of that, the Company considers the policy on communication with shareholders carried out during the year to be sufficient and effective.

(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 2022, 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 organised four press conferences for results announcement to all investors, conducted investor communication activities for nearly 100 participants, and organised and participated in four one-on-one research activities with international investors. During the Reporting Period, the Company disclosed information in an authentic, accurate, complete and timely manner according to laws, regulations and regulatory requirements to ensure that investors would know the important matters of the Company in a timely manner, protecting the investors’ interests to the greatest extent.



SECTION IX CORPORATE GOVERNANCE REPORT

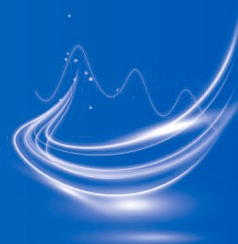
(ix) Board Diversity Policy and Director Nomination Policy

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

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

The Nomination and Remuneration Committee shall follow the Board Diversity Policy when recommending candidates for election. The Nomination and Remuneration Committee is responsible for monitoring the implementation of the Board Diversity Policy. The Board and the Nomination and Remuneration Committee review the Board Diversity Policy on a regular basis. During the Reporting Period, the Nomination and Remuneration Committee nominated Ms. Li Hui as the candidate for non-executive Director of the fourth session of the Board. When nominating, the Company has taken into consideration her diverse background and extensive experience in stock markets, business administration, financial management and risk control as well as legal, compliance, gender and other aspects, which will play a positive role in maintaining the Company's competitive advantage, attaining sustainable development, achieving strategic objectives, and improving management efficiency and governance. The Board and the Nomination and Remuneration Committee shall discuss measurable objectives from time to time to achieve Board diversity. In terms of gender diversity, the Company expects to maintain the current number of 3 female members in the Board in 2023. In addition, the Group offered all rounded trainings to both male and female employees who are considered as having suitable experience, skills and knowledge of the Group's operation and business, including but not limited to, operation, management, accounting, finance, and compliance. The Board considered that such strategy will offer chances for the Board to identify capable female employees to be nominated as a member of the Board in future with an aim to achieve gender diversity in the Board in the long run.

SECTION IX CORPORATE GOVERNANCE REPORT



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

Gender		Age		
Male 8 persons	Female 3 persons	40 to 49 2 persons	50 to 59 5 persons	60 to 69 4 persons
Position				
Executive Director 2 persons		Non-executive Director 5 persons		Independent non-executive Director 4 persons

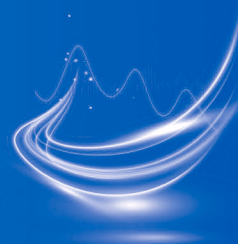
(x) Amendments to the Articles of Association

During the Reporting Period, there was no significant change to the Articles of Association.

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



CHINA GALAXY SECURITIES CO., LTD.
(Established in the People's Republic
of China with limited liability)
Report and Consolidated Financial Statements
For the year ended 31 December 2022
(Prepared under International Financial
Reporting Standards)



Independent auditor's report

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

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

Opinion

We have audited the consolidated financial statements of China Galaxy Securities Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 165 to 281, which comprise the consolidated statement of financial position as at 31 December 2022, 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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board ("IAASB"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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



SECTION X INDEPENDENT AUDITOR'S REPORT

Key audit matters (continued)

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

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

Key audit matter

How our audit addressed the key audit matter

Consolidation of structured entities

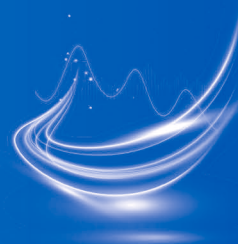
The group enjoys equity in the structured entities through launch or direct investment. The total net assets of the consolidated structured entities were RMB30,607 million as at 31 December 2022 and the amount was significant to the consolidated financial statements. When determining whether a structured entity should be consolidated, a combination of factors needs 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. The assessment involves significant management's judgement and estimation.

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

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

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

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



Key audit matters (continued)

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

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

Key audit matter	How our audit addressed the key audit matter
<p>Measurement of expected credit losses (“ECLs”)</p> <p>As at 31 December 2022, 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 RMB405,432 million, and the loss allowance that had been recognised for these financial assets on the basis of ECLs was RMB1,617 million, which was significant to the consolidated financial statements.</p> <p>The Group measured the loss allowance for the financial instruments according to the ECL model.</p> <p>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.</p> <p>Due to the above reasons, we identified the measurement of ECLs 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 57.1 to the consolidated financial statements.</p>	<p>Our procedures in relation to management’s measurement of ECLs included:</p> <ul style="list-style-type: none"> • Testing and evaluating management’s key controls on the measurement of ECLs; • Assessing the appropriateness of the impairment model used by management by evaluating the basis of the key assumptions and parameters such as the judgement of significant increase in credit risk, the division of the asset group with similar credit risk characteristics, the expectation of future cash flow, and the forward-looking information; • Examining significant data inputs into the ECL model, including probability of default, loss given default, exposure at default, and reviewing the accuracy of the model calculation; • For the credit-impaired assets, assessing the loss allowance computed by management with reference to the financial information of the borrowers, and the fair value of collateral, as appropriate; and • Evaluating whether the disclosure of ECLs for financial assets in the financial statements met the requirements of accounting standards. <p>In the audit, we used our internal experts to evaluate the methods, assumptions and important parameters of ECL model.</p>



SECTION X INDEPENDENT AUDITOR'S REPORT

Key audit matters (continued)

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

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

Key audit matter

How our audit addressed the key audit matter

Valuation of financial instruments measured at Level 3 fair value

As at 31 December 2022, the Group held financial instruments measured at fair value of RMB358,509 million, among which an amount of RMB3,060.7 billion was measured at Level 3 fair value and it was significant to the consolidated financial statements. Fair values of these financial instruments measured at Level 3 fair value were determined using valuation techniques. Selection of appropriate valuation techniques, relevant assumptions and unobservable inputs involves significant management's estimation.

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

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

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

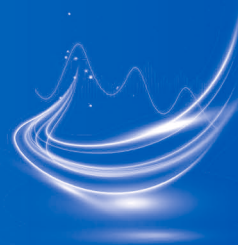
- Testing and evaluating key controls of management on the valuation of financial instruments measured at Level 3 fair value;
- Evaluating the consistency of the valuation techniques used by management;
- Testing and evaluating relevant assumptions and inputs used;
- Evaluating the competency of valuation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

Other Information included in the Annual Report

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

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

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



Responsibilities of the directors for the consolidated financial statements

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

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

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

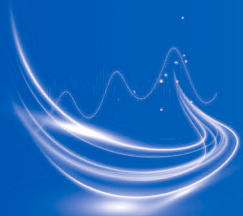
Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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



SECTION X INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

Ernst & Young

Certified Public Accountants

Hong Kong

29 March 2023

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)



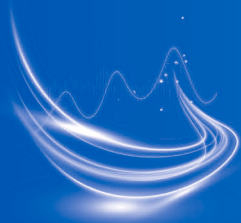
CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note	2022	2021
CONTINUING OPERATIONS			
Revenue			
Commission and fee income	5	8,513,989	10,614,149
Interest income	6	14,289,720	13,596,727
Investment income and gains or losses	7	5,590,112	7,130,998
		28,393,821	31,341,874
Income from bulk commodity trading		15,054,121	13,654,678
Other income, gains and losses	8	333,109	280,510
Total revenue, gains and other income		43,781,051	45,277,062
Depreciation and amortization	9	(970,421)	(825,877)
Staff costs	10	(7,130,113)	(7,044,339)
Commission and fee expenses	11	(996,939)	(1,193,921)
Interest expenses	12	(9,126,572)	(8,140,801)
Cost from bulk commodity trading		(15,072,383)	(13,008,314)
Other operating expenses	13	(2,373,786)	(2,362,540)
Impairment losses, net of reversal	14	12,061	(17,386)
Credit loss expense	14	(152,903)	60,533
Total expenses		(35,811,056)	(32,532,645)
Share of results of joint ventures		872	46,595
Profit before income tax		7,970,867	12,791,012
Income tax expense	15	(209,391)	(2,274,051)
Profit for the year		7,761,476	10,516,961
Profit for the year attributable to:			
Owners of the Company		7,760,544	10,430,238
Non-controlling interests		932	86,723
Earnings per share (Expressed in RMB per share)			
– Basic	16	0.70	0.97
– Diluted	16	0.67	0.97

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 OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

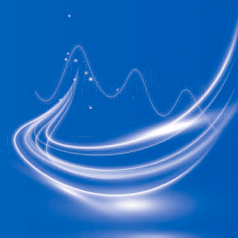
(Amounts in thousands of Renminbi, unless otherwise stated)

	2022	2021
Profit for the year	7,761,476	10,516,961
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Fair value (losses)/gains on investments in equity instruments measured at fair value through other comprehensive income	(1,158,178)	128,790
Income tax effect on changes in fair value	289,229	(29,196)
Remeasurement of defined benefit obligation	(12,980)	(19,342)
Subtotal	(881,929)	80,252
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	243,749	(332,912)
Debt instruments measured at fair value through other comprehensive income:		
Fair value changes arising during the year	(1,971,198)	1,223,594
Reclassification adjustments included in profit or loss	1,021,337	(364,538)
Income tax that may be reclassified subsequently	237,465	(214,764)
Fair value losses on hedging instruments designated in cash flow hedges	(45)	(2,814)
Subtotal	(468,692)	308,566
Other comprehensive (expense)/income for the year (net of tax)	(1,350,621)	388,818
Total comprehensive income for the year (net of tax)	6,410,855	10,905,779
Total comprehensive income for the year attributable to:		
Owners of the Company	6,409,923	10,867,150
Non-controlling interests	932	38,629
	6,410,855	10,905,779

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)

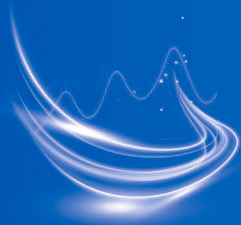


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	As at 31 December 2022	As at 31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment	18	688,037	547,112
Investment properties		7,444	7,641
Right-of-use assets	19	1,687,952	1,570,779
Goodwill	20	1,046,185	1,008,713
Other intangible assets	21	750,259	704,814
Interest in joint ventures	22	61,769	30,250
Financial assets measured at fair value through profit or loss	23	33,758,289	37,250,558
Debt instruments measured at fair value through other comprehensive income	25	83,795	82,300
Equity instruments measured at fair value through other comprehensive income	26	38,395,017	34,684,603
Debt instruments measured at amortized cost	27	2,293,041	3,634,614
Financial assets held under resale agreements	24	11,179,306	8,732,973
Deposits with exchanges and non-bank financial institutions	29	1,043,429	792,435
Other receivables and prepayments	28	1,180,211	1,180,226
Advances to customers	31	20,731	70,736
Deferred tax assets	30	387,644	168,265
Bank balances – fixed deposits	35	–	200,000
Total non-current assets		92,583,109	90,666,019
Current assets			
Advances to customers	31	84,308,585	98,123,030
Accounts receivable	32	10,481,417	10,150,725
Tax recoverable		785,099	805,066
Other receivables and prepayments	28	6,659,643	7,068,252
Financial assets measured at fair value through profit or loss	23	138,164,490	98,392,349
Debt instruments measured at fair value through other comprehensive income	25	109,241,168	81,150,619
Debt instruments measured at amortized cost	27	414,878	1,634,835
Financial assets held under resale agreements	24	9,114,091	13,242,108
Derivative financial assets	33	2,630,533	1,945,907
Deposits with exchanges and non-bank financial institutions	29	15,026,267	10,923,755
Clearing settlement funds	34	39,811,103	32,294,040
Bank balances	35	115,995,341	113,738,328
Total current assets		532,632,615	469,469,014
Total assets		625,215,724	560,135,033



SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AS AT 31 DECEMBER 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	As at 31 December 2022	As at 31 December 2021
EQUITY AND LIABILITIES			
Equity			
Share capital	36	10,137,280	10,137,259
Other equity instruments	37	15,935,691	14,885,851
Reserves	38	48,551,376	47,182,587
Retained profits	38	27,965,366	26,750,101
Equity attributable to owners of the Company		102,589,713	98,955,798
Non-controlling interests		23,185	22,253
Total equity		102,612,898	98,978,051
Liabilities			
Non-current liabilities			
Bonds payable	39	64,539,717	57,577,817
Debt instruments	40	294,781	198,436
Financial liabilities measured at fair value through profit or loss	41	7,487,227	7,395,174
Other payables and accruals	42	209,790	561,200
Lease liabilities	19	1,203,991	1,128,652
Deferred tax liabilities	30	192,235	1,138,784
Total non-current liabilities		73,927,741	68,000,063
Current liabilities			
Bonds payable	39	30,886,076	26,654,298
Due to banks and other financial institutions	43	27,423,638	24,054,185
Debt instruments	40	29,305,088	30,951,389
Accounts payable to brokerage clients	44	129,645,925	128,400,821
Accrued staff costs	45	5,677,301	4,906,773
Other payables and accruals	42	37,820,022	29,090,587
Lease liabilities	19	520,012	450,151
Current tax liabilities		153,199	208,762
Financial liabilities measured at fair value through profit or loss	41	26,150,568	9,188,761
Derivative financial liabilities	33	2,597,860	4,647,304
Financial assets sold under repurchase agreements	46	158,495,396	134,603,888
Total current liabilities		448,675,085	393,156,919
Total liabilities		522,602,826	461,156,982
Total equity and liabilities		625,215,724	560,135,033

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

Approved and authorized for issue by the Board of Directors on 29 March 2023 and signed on its behalf by:

CHEN LIANG

DIRECTOR

WANG SHENG

DIRECTOR

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)



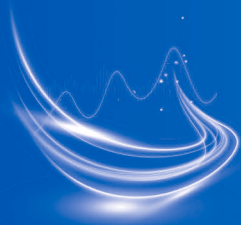
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 17)	-	-	-	-	-	-	-	-	(2,230,197)	(2,230,197)	-	(2,230,197)
Distribution of interests 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 CHANGES IN EQUITY (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

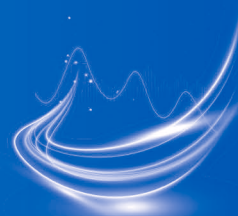
(Amounts in thousands of Renminbi, unless otherwise stated)

	Equity attributable to owners of the Company											Non-controlling interests	Total equity
	Share capital	Other equity instruments	Reserves							Retained profits	Subtotal		
			Capital reserves	Investment revaluation reserve	Cash flow hedging reserve	Translation reserves	General reserves	Other reserves					
At 1 January 2022	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	
Profit for the year	-	-	-	-	-	-	-	-	7,760,544	7,760,544	932	7,761,476	
Other comprehensive income for the year	-	-	-	(1,581,345)	(45)	243,749	-	(12,980)	-	(1,350,621)	-	(1,350,621)	
Total comprehensive income for the year	-	-	-	(1,581,345)	(45)	243,749	-	(12,980)	7,760,544	6,409,923	932	6,410,855	
Appropriation to general reserves	-	-	-	-	-	-	2,282,679	-	(2,282,679)	-	-	-	
Issue of convertible bonds	21	1,049,840	181	-	-	-	-	-	-	1,050,042	-	1,050,042	
Dividend declared (Note 17)	-	-	-	-	-	-	-	-	(3,142,550)	(3,142,550)	-	(3,142,550)	
Distribution of interests to shareholders of perpetual bonds	-	-	-	-	-	-	-	-	(683,500)	(683,500)	-	(683,500)	
Other comprehensive income that has been reclassified to retained profits	-	-	-	436,550	-	-	-	-	(436,550)	-	-	-	
At 31 December 2022	10,137,280	15,935,691	25,051,651	(20,725)	(859)	(26,514)	23,616,558	(68,735)	27,965,366	102,589,713	23,185	102,612,898	

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)

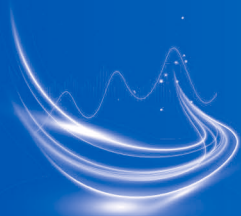


CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note	2022	2021
OPERATING ACTIVITIES			
Profit before income tax		7,970,867	12,791,012
Adjustments for:			
Interest expenses		9,126,572	8,140,801
Share of results of joint ventures		(872)	(46,595)
Depreciation and amortization		970,421	825,877
Impairment losses, net of reversal		(12,061)	17,386
Credit loss expense		152,903	(60,533)
Gains on disposal of property and equipment and other intangible assets		3,179	(1,656)
Foreign exchange gains/(losses)		13,760	(26,946)
Net realized gains from disposal of debt instruments measured at fair value through other comprehensive income		(997,163)	(337,795)
Net realized gains from disposal of equity instruments measured at fair value through other comprehensive income		436,549	–
Net realized gains from disposal of debt instruments measured at amortized cost		(78,458)	(8,031)
Interest income from debt instruments measured at fair value through other comprehensive income		(3,688,596)	(2,549,034)
Interest income from other financial assets		(116,571)	(131,545)
Dividend income from equity instruments measured at fair value through other comprehensive income		(2,056,389)	(1,608,482)
Interest income from debt instruments measured at amortized cost		(109,461)	(286,009)
Unrealized fair value gains on financial assets measured at fair value through profit or loss		5,538,925	(2,186,716)
Unrealized fair value losses on financial liabilities measured at fair value through profit or loss		(2,255,411)	470,675
Unrealized fair value losses on derivative financial instruments		(1,688,604)	617,184
		13,209,590	15,619,593



SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

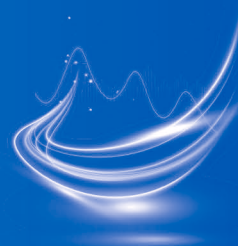
FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note	2022	2021
OPERATING ACTIVITIES (continued)			
Operating cash flows before movements in working capital		13,209,590	15,619,593
Increase in advances to customers		13,803,183	(16,184,160)
(Increase)/decrease in accounts receivable and other receivables and prepayments		(999,794)	388,275
Decrease in financial assets held under resale agreements		1,913,465	10,048,959
Increase in financial assets at fair value through profit or loss and derivative financial assets		(42,080,429)	(40,802,231)
(Increase)/decrease in deposits with exchanges and non-bank financial institutions		(4,091,873)	4,515,714
Increase in clearing settlement funds – clients		(5,230,701)	(12,312,810)
Increase in cash held on behalf of customers		3,257,643	(23,636,061)
Increase in accounts payable to brokerage clients, accrued staff costs and other payables and accruals		10,742,090	37,616,620
Increase in financial liabilities measured at fair value through profit or loss and derivative financial liabilities		18,271,494	5,819,188
Increase in financial assets sold under repurchase agreements		23,635,059	46,380,090
Increase in amounts due to banks and other financial institutions		2,899,000	550,000
Increase in restricted bank deposits		(513,462)	(287,578)
Cash from operations		34,815,265	27,715,599
Income taxes paid		(1,029,737)	(2,247,198)
Interests paid		(4,959,986)	(4,332,531)
NET CASH FLOWS FROM OPERATING ACTIVITIES		28,825,542	21,135,870
INVESTING ACTIVITIES			
Dividends and interest received from investments		5,709,992	4,638,458
Purchases of property and equipment and other intangible assets		(1,153,832)	(599,067)
Proceeds from disposals of property and equipment and other intangible assets		(3,370)	1,412
Capital injection to joint ventures		(30,648)	–
Acquisition of a subsidiary, net of cash acquired		–	(301,821)
Purchases of debt instruments at fair value through other comprehensive income		(272,744,154)	(120,748,513)
Proceeds from disposals of debt instruments at fair value through other comprehensive income		245,462,810	93,941,941
Purchases of equity instruments at fair value through other comprehensive income		(17,880,513)	(14,926,309)
Proceeds from disposals of equity instruments at fair value through other comprehensive income		13,157,438	14,226,683
Purchases of debt instruments measured at amortized cost		(851,104)	(1,165,665)
Proceeds from disposals of debt instruments measured at amortized cost		3,442,909	1,693,249
Placement of bank deposits with original maturity of more than three months		(717,919)	(889,015)
Maturity of bank deposits with original maturity of more than three months		797,367	802,082
Capital transactions with non-controlling interests		–	(375,173)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(24,811,024)	(23,701,738)

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)



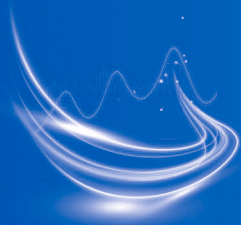
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

	Note	2022	2021
FINANCING ACTIVITIES			
Transaction costs paid on issuance of bonds		(221,403)	(88,679)
Proceeds from bonds issued		30,555,000	44,000,000
Repayment of bonds issued		(26,000,209)	(19,500,000)
Proceeds from debt instrument payables issued		67,053,560	81,662,880
Repayment of debt instrument issued		(68,814,975)	(105,032,067)
Proceeds from amounts due to banks and other financial institutions		453,586	(355,434)
Cash repayment of third-party interests in consolidated structured entities		(70,099)	(171,236)
Interests paid in respect of bonds, borrowing and financial instrument payables		(3,976,410)	(4,542,455)
Dividends paid		(3,770,571)	(2,470,197)
Payment of lease liabilities		(494,598)	(552,170)
Proceeds from issuance of a convertible bond		7,744,224	–
Proceeds from issuance of a perpetual bond		–	9,923,679
NET CASH FLOWS FROM FINANCING ACTIVITIES		2,458,105	2,874,321
NET INCREASE IN CASH AND CASH EQUIVALENTS		6,472,623	308,453
CASH AND CASH EQUIVALENTS AT 1 JANUARY		19,641,442	19,408,579
Effect of foreign exchange rate changes		665,019	(75,590)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	47	26,779,084	19,641,442
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		13,547,817	12,869,890

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 2022

(Amounts in thousands of Renminbi, unless otherwise stated)

1. CORPORATE INFORMATION

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

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

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

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

These audited consolidated financial statements were approved by the Board of Directors (the “Board”) on 29 March 2023.

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.

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

2.2 Standards, amendments and interpretations effective in 2022

In the current year, the Group has applied the following new standards, amendments and interpretations to IFRSs that are effective for the Group’s annual period beginning on 1 January 2022.

On 1 January 2022, the Group adopted the following new standards, amendments and interpretations.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRS Standards 2018-2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Standards, amendments and interpretations effective in 2022 (continued)

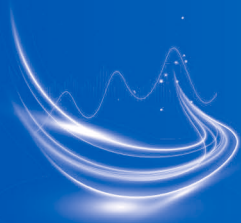
IFRS 3 Amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework (“Conceptual Framework for Financial Reporting”), 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.

Annual Improvements to IFRS Standards 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.

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.



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

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 2022 and have not been adopted in the financial statements.

Standards		Effective for annual periods beginning on or after
(1) Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
(2) Amendments to IAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")	1 January 2024
(3) Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
(4) Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
(5) Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
(6) Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
(7) IFRS 17	Insurance Contracts	1 January 2023
(8) Amendments to IFRS 17	Insurance Contracts	1 January 2023
(9) Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information	1 January 2023
(10) 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

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.

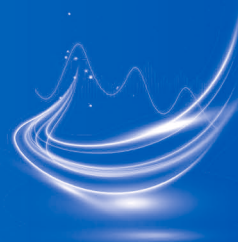
The IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' 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 introduce 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. Also, the amendments clarify how entities use measurement techniques and inputs to develop accounting estimates.

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)

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendment is intended to improve the requirements for sale and leaseback transactions in IFRS 16. It does not change the accounting for leases unrelated to sale and leaseback transactions.

Amendments to IFRS 17 are aimed at helping companies implement the Standard and making it easier for them to explain their financial performance. IFRS 17 incorporating the amendments is effective from annual reporting periods beginning on or after 1 January 2023.

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.

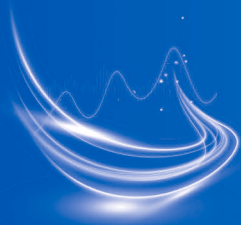
2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") as at 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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



SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation (continued)

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

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

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

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

2.5 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.

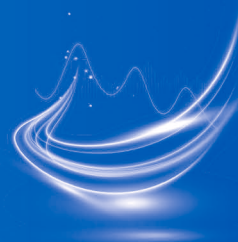
When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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 recognised 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.

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)

1) *Business combinations and goodwill (continued)*

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.

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.

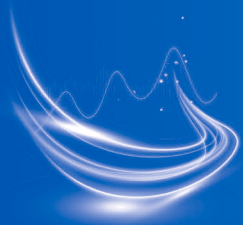
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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



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)

3) *Investments in associates and joint ventures*

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

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

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

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

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

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

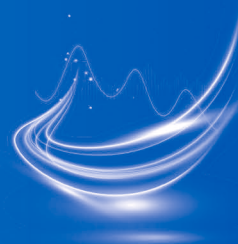
The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognised the loss within "Share of profit of 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 recognised any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

Revenue from contracts with customers

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

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

(a) Securities brokerage and investment consulting business

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

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

(b) Underwriting and sponsorship business

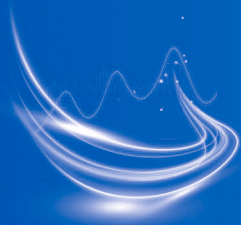
Income from the underwriting and sponsorship business is recognised when the obligation of underwriting or sponsoring is completed.

(c) Asset management business

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

(d) Other business

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



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)

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.

6) *Leases*

The Group as lessee

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

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

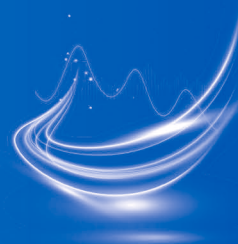
At the commencement date of the lease, the Group recognised lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments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

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

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

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 recognised the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

On consolidation, the assets and liabilities of foreign operations are translated at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at 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 recognised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

9) *Government grants*

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



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)

10) Retirement benefit costs and termination benefits

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

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

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

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

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

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

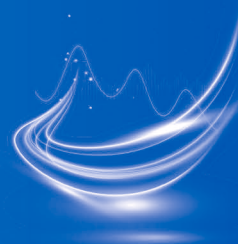
11) Short-term employee benefits

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

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

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 recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 recognised 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 recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised 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 recognised 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.

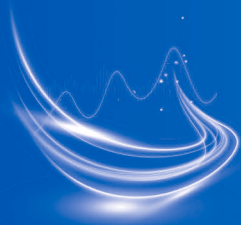
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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



SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. 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 recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The estimated residual value rates and useful lives of each class of property and equipment which are required by the operation of the Group are as follows:

Classes	Estimated residual value rates	Useful lives
Buildings	5%	20 – 40 years
Electronic and communication equipment	0 – 4%	3 – 5 years
Motor vehicles	4 – 5%	4 – 10 years
Office equipment	0%	3 – 5 years
Leasehold improvements	0%	Over the lease term ranging from 36 months to 5 years

14) Investment properties

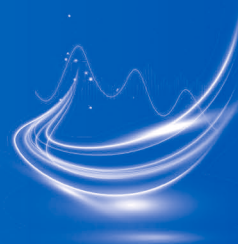
Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)



2. 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 recognised 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 derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

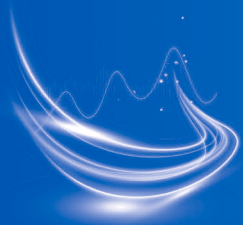
The estimated useful life of computer software is 3 years.

16) *Impairment of tangible and intangible assets*

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of tangible and intangible assets is estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.



SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. 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 recognised immediately in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

17) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

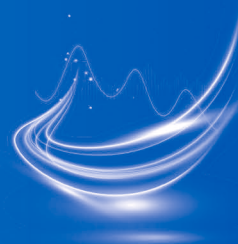
Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the 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.

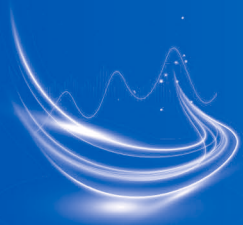
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Group considers whether 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 or initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at amortized cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.



SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

2. 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 recognised 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 credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the 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 recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in OCI and accumulated under the heading of investment revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortized cost. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "Investment income and gains or losses" line item in profit or loss.

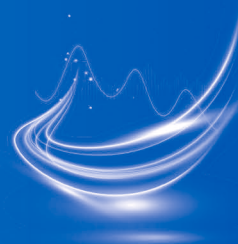
(iv) Financial assets at FVTPL

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 recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "net investment gains" line item.

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 recognises a loss allowance for expected credit losses (“ECLs”) on financial assets which are subject to impairment under IFRS 9, including debt instruments measured at FVTOCI or 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 recognises lifetime ECLs for accounts receivable without significant financing component. The ECLs on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECLs. The assessment of whether lifetime ECLs should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(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;



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)

- (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

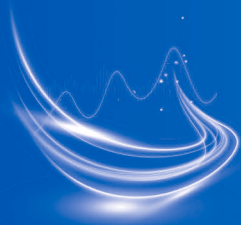
The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default and the exposure at default). The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. 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 recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through the use of a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the investment revaluation reserve without reducing the carrying amounts of these debt instruments.

Derecognition of financial assets

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognised an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

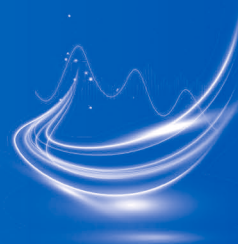
On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)



2. 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 recognised 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.

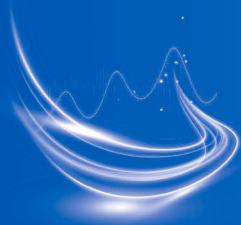
A financial liability is classified as held for trading if:

- 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 recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.



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 (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 recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either 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.

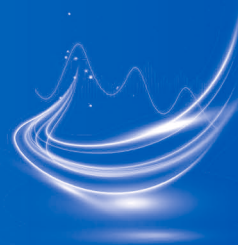
Assessment of hedging relationship and effectiveness

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 (continued)

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge so that it meets the qualifying criteria again).

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other income, gains and losses" line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the losses accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

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 recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting. If the hedged items are derecognised, the unamortised fair value is recorded in profit or loss.



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 recognised in the statement of financial position. The assets held under the agreements to resell are registered as off-balance-sheet items, while the assets sold under the agreements to repurchase are recorded in the statement of financial position.

The bid-ask spread of the financial assets under agreements to resell and financial assets sold under agreements to repurchase is recognised as interest income or interest expense using the effective interest rate method in the reselling or repurchasing period.

Securities lending

The Group lends securities to clients and the cash collateral required under securities lending agreements and interest arising from these agreements are included in “accounts payable to brokerage clients”. Securities lent to clients are not derecognised and are continued to be recorded as “Financial assets at fair value through profit or loss”.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when both of the following conditions are satisfied: (i) the Group currently has a legal enforceable right to set off the recognised amounts; and (ii) the Group intends either to settle on a net basis, or to 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 recognised value. When net recognised value is lower than the carrying amount, the Group decreases the carrying amount to net recognised value. The decreased amount is recognised in profit or loss and corresponding allowance is made.

Net recognised value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and related taxes.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)



3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Group's accounting policies, which are described in Note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

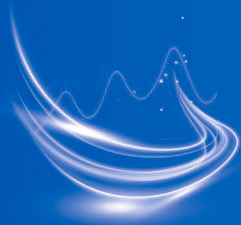
Consolidation of structured entities

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control sets out the following three elements of control: (a) power over the investee; (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

For collective asset management schemes and investment funds where the Group involves as manager and also as investor, the Group considers the scope of its decision-making authority and assesses whether the combination of interests it holds together with its remuneration and credit enhancements creates exposure to variability of returns from the activities of the collective asset management schemes and investment funds that is of such significance that it indicates that the Group is a principal. The collective asset management schemes and investment funds are consolidated if the Group acts in the role of principal.

Determination on classification of financial assets

Classification and measurement of financial assets depends on the results of whether the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or FVTOCI that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.



SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.1 Critical judgements in applying accounting (continued)

Measurement of ECLs

The following significant judgements are required in applying the accounting requirements for measuring the ECLs:

Significant increase in credit risk

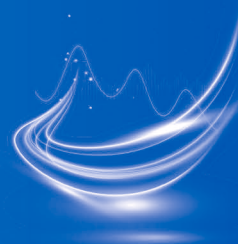
ECLs are measured as an allowance equal to 12-month ECLs for stage 1 assets, or lifetime ECLs for stage 2 or stage 3 assets. An asset classified as stage 2 when its credit risk has increased significantly since initial recognition, and it comes to stage 3 when it is credit impaired (but it is not purchased original credit impaired). In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information. Refer to Note 57 for more details.

The Group has applied a “three-stage” impairment model for ECL measurement based on changes in credit quality since initial recognition of financial assets as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified as “Stage 1” and has its credit risk continuously monitored by the Group;
- If a significant increase in credit risk (“SICR”) since initial recognition is identified, the financial instrument is classified as Stage 2 but is not yet deemed to be credit-impaired. The Group considers a financial instrument to have experienced a SICR when one or more of the following quantitative and qualitative criteria have been met:
 - for margin financing: the occurrence of fore-warning credit management actions such as margin call measure triggered based on the pre-determined threshold of the relevant loan balances to collateral ratios, significant deterioration in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements which have an effect on the probability of a default occurring; and
 - for debt securities investments: significant deteriorations between the investment’s initial external or internal credit rating and the credit rating at the reporting date. The Group considers that the debt securities have experienced a significant increase in credit risk if the securities are more than 30 days past due on its contractual payments.
- If the financial instrument is credit-impaired, the financial instrument is then classified as Stage 3. The Group determines a financial instrument to be credit impaired upon the occurrence of credit events including:
 - for margin financing: credit management actions such as force liquidation of a margin client’s position triggered based on the pre-determined threshold of margin loan to collateral ratios; and collateral valuation falling short of the related margin loan amount; and
 - for debt securities investments: significant deterioration in the investment’s internal and external rating whereby the issuer is assessed to be typically in default, with little prospect for recovery of principal or interest; or, significant financial difficulty of the issuer. The Group considers that the debt securities are credit impaired if the securities are more than 90 days past due.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)



3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.1 Critical judgements in applying accounting (continued)

Measurement of ECLs (continued)

Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Assets transfer from 12-month to lifetime ECLs when there is a significant increase in credit risk, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECLs changes because the credit risk of the portfolios differ.

Models and assumptions used

The Group uses various models and assumptions in estimating ECLs. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See Note 57 for more details on ECLs.

3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurement of financial instruments

Certain of the Group's financial instruments amounting to RMB11,721 million as at 31 December 2022 (RMB16,563 million as at 31 December 2021) are measured at fair values with fair values being determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. See Note 58 for further disclosures.

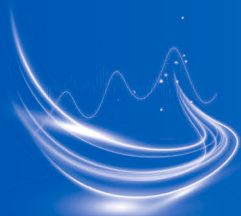
Measurement of ECLs

Forward-looking information

When measuring ECLs, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to Note 57 for more details.

Probability of default (PD)

PD constitutes a key input in measuring ECLs. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Refer to Note 57 for more details.



SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Key sources of estimation uncertainty (continued)

Measurement of ECLs (continued)

Loss given default (LGD)

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Refer to Note 57 for more details.

Provision for ECLs on accounts receivable and other receivables

The Group uses a provision matrix to calculate ECLs for accounts receivable and other receivables. The provision rates are based on shared credit risk characteristics as groupings of accounts receivable and other receivables that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, accounts receivable and other receivables with significant balances and credit impairment are assessed for ECL individually.

The provision for ECLs is sensitive to changes in estimates. The information about the ECLs and the Group's accounts receivable and other receivables are disclosed in Note 57.1, respectively.

Impairment assessment of goodwill

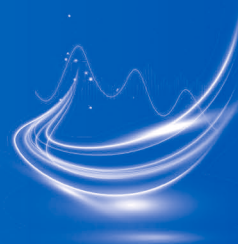
Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit to which the goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss/further impairment loss may arise. As at 31 December 2022, the carrying amount of goodwill was RMB1,046 million (31 December 2021: RMB1,009 million).

Income Tax

Determining provisions for income tax requires the Group to estimate the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and provides for taxes accordingly. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be recognised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(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:

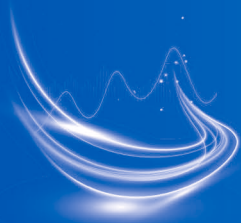
- (a) Securities brokerage: This segment engages in the provision of securities dealing and broking, margin financing to margin clients and securities lending;
- (b) Futures business: This segment engages in futures dealing and broking, futures information consulting and training;
- (c) Proprietary trading 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; and
- (h) 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 locations 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 the operations in Hong Kong and other overseas areas, while other segment revenue and assets of the Group are attributable to the operations in Mainland China. No revenue from a single customer amounted more than or equal to 10% to the Group’s revenue for the years ended 31 December 2022 and 2021.

The Group has formulated a new strategic development plan for 2023-2025 which is subject to the board’s final approval. Under the current proposed strategic development plan, the business organization of the Group will be adjusted and so our reported business segments will be adjusted accordingly. At the end of 2022, as the changes have not yet been in effect, the Group presented its results as with last year in seven operating segments.



SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

4. SEGMENT REPORTING (continued)

The operating and reportable segment information provided to the CODM for the years ended 31 December 2022 and 2021 is as follows:

	Securities brokerage	Futures business	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 2022											
Segment revenue and results											
Revenue and net investment gains											
– External	12,806,824	2,411,275	7,974,548	625,810	477,091	532,830	2,971,062	27,799,440	879,465	(285,084)	28,393,821
– Inter-segment	88,110	131	-	-	1,218	-	679	90,138	-	(90,138)	-
Other income	48,869	15,134,651	(3,419)	-	958	13,409	154,027	15,348,495	38,735	-	15,387,230
Segment revenue and other income	12,943,803	17,546,057	7,971,129	625,810	479,267	546,239	3,125,768	43,238,073	918,200	(375,222)	43,781,051
Segment expenses	7,661,180	16,572,492	5,805,860	364,773	461,602	160,189	3,074,011	34,100,107	1,667,527	43,422	35,811,056
Segment result	5,282,623	973,565	2,165,269	261,037	17,665	386,050	51,757	9,137,966	(749,327)	(418,644)	7,969,995
Share of result of a joint venture	-	-	-	-	-	2,707	-	2,707	(1,835)	-	672
Profit/(loss) before income tax	5,282,623	973,565	2,165,269	261,037	17,665	388,757	51,757	9,140,673	(751,162)	(418,644)	7,970,867
As at 31 December 2022											
Segment assets and liabilities											
Segment assets	182,909,530	72,881,688	354,262,528	43,226	1,476,463	5,019,934	32,854,963	649,448,332	215,335,732	(239,955,984)	624,828,080
Deferred tax assets											387,644
Group's total assets											625,215,724
Segment liabilities	181,991,794	66,502,920	325,431,150	172,377	250,993	431,977	26,420,750	601,201,961	131,541,318	(210,332,688)	522,410,591
Deferred tax liabilities											192,235
Group's total liabilities											522,602,826
Other segment information											
Depreciation and amortization	397,441	62,401	23,358	18,773	11,778	3,554	145,529	662,834	307,587	-	970,421
Impairment losses	(201,370)	15,913	(23,708)	(12,869)	271,039	-	86,372	135,377	5,465	-	140,842
Additions to non-current assets	20,518	23,245	-	-	578	173	60,407	104,921	517,354	-	622,275
Interest income from operations	7,867,147	967,562	2,359,742	107	14,460	2,983	1,301,067	12,513,068	180,004	-	12,693,072
Interest income from investments	-	7,656	2,719,182	-	-	-	-	2,726,838	-	-	2,726,838
Interest expenses	496,170	485,527	3,768,499	-	161	-	534,759	5,285,116	3,838,067	3,389	9,126,572

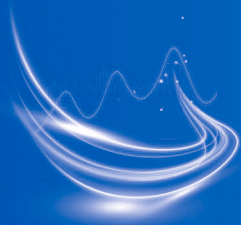
SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

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4. SEGMENT REPORTING (continued)

	Securities brokerage	Futures business	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 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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(Amounts in thousands of Renminbi, unless otherwise stated)

5. COMMISSION AND FEE INCOME

	2022	2021
Commission on securities dealing and broking and handling fee income	6,712,774	8,675,630
Underwriting and sponsors' fees	638,071	569,118
Commission on futures and option contracts dealing and broking and handling fee income	561,006	687,569
Consultancy and financial advisory fee income	156,091	162,147
Asset management fee income	441,198	517,898
Others	4,849	1,787
	8,513,989	10,614,149

6. INTEREST INCOME

The following is the analysis excluding interest income from investments:

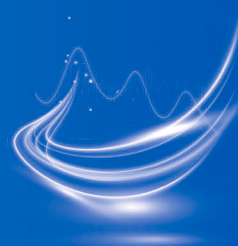
	2022	2021
Deposits with exchanges and financial institutions	3,457,463	2,810,098
Advances to customers and securities lending	5,879,073	6,540,566
Financial assets held under resale agreements	1,038,556	1,279,475
Debt instruments measured at fair value through other comprehensive income	3,688,596	2,549,034
Debt instruments measured at amortized cost	109,461	286,009
Interest income from other financial assets	116,571	131,545
	14,289,720	13,596,727

7. INVESTMENT INCOME AND GAINS OR LOSSES

	2022	2021
Realized and unrealized gains/(losses) from		
– debt instruments measured at FVTOCI	997,163	337,795
– debt instruments measured at amortized cost	78,458	8,031
– financial assets measured at FVTPL	(2,560,386)	8,975,899
– financial liabilities designated at FVTPL	2,075,620	(1,076,386)
– derivatives	2,874,343	(2,528,208)
– financial liabilities held for trading	68,525	(194,615)
Dividend income from		
– equity instruments measured at FVTOCI	2,056,389	1,608,482
	5,590,112	7,130,998

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)



8. OTHER INCOME, GAINS AND LOSSES

	2022	2021
Government grants	88,733	10,130
Gains or loss on disposals of property and equipment and other intangible assets	(3,179)	1,657
Foreign exchange gains or losses	(13,760)	26,946
Gross rental income	5,654	7,192
Others	255,661	234,585
	333,109	280,510

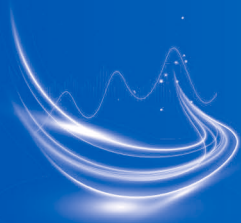
These government grants were received by the Group from the local governments to support operations in designated locations.

9. DEPRECIATION AND AMORTIZATION

	2022	2021
Depreciation for right-of-use assets	545,607	514,497
Depreciation for property and equipment	260,376	203,990
Depreciation for investment properties	196	196
Amortization of other intangible assets	164,242	107,194
	970,421	825,877

10. STAFF COSTS

	2022	2021
Salaries, bonus and allowances	5,544,946	5,669,179
Social welfare	847,396	739,119
Contributions to annuity schemes	259,081	151,852
Supplementary retirement benefits	24,251	20,790
Early retirement benefits	35	(15)
Others	454,404	463,414
	7,130,113	7,044,339



SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

11. COMMISSION AND FEE EXPENSES

	2022	2021
Securities and futures dealing and broking expenses	908,622	1,131,946
Underwriting and sponsors' fee expenses	5,843	17,907
Other service expenses	82,474	44,068
	996,939	1,193,921

12. INTEREST EXPENSES

	2022	2021
Presented below are interest expenses on the following liabilities:		
– Bonds payable	3,018,633	2,623,894
– Financial assets sold under repurchase agreements	3,281,315	2,705,509
– Debt instruments	838,780	1,057,463
– Accounts payable to brokerage clients	1,055,441	759,031
– Due to banks and other financial institutions	676,106	701,201
– Third-party interests in consolidated structured entities and others	254,210	283,528
– Securities lending	2,087	10,175
	9,126,572	8,140,801

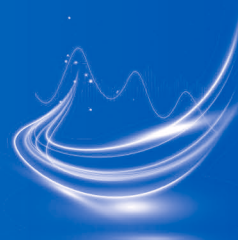
13. OTHER OPERATING EXPENSES

	2022	2021
General and administrative expenses	1,217,480	1,136,865
Value-added tax and surcharges	139,574	160,624
Minimum operating lease rentals in respect of rented premises	105,241	104,615
Data transmission expenses	355,930	296,042
Securities investor protection funds	72,109	92,942
Business travel expenses	50,373	60,322
Utilities expenses	36,904	35,632
Auditors' remuneration	20,293	19,229
Sundry expenses	375,882	456,269
	2,373,786	2,362,540

For the year ended 31 December 2022, included in "Other operating expenses" were operating lease expenses related to lease liabilities of RMB57 million.

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(Amounts in thousands of Renminbi, unless otherwise stated)



14. CREDIT IMPAIRMENT LOSSES AND ASSET IMPAIRMENT LOSSES

	2022	2021
Credit impairment losses:		
– Financial assets held under resale agreements (Note 24)	(232,069)	(160,758)
– Advances to customers (Note 31)	52,078	1,689
– Accounts receivable (Note 32)	89,104	(36,801)
– Other receivables (Note 28)	271,558	182,577
– Debt instruments measured at FVTOCI (Note 25)	18,559	(26,743)
– Debt instruments measured at amortized cost (Note 27)	(46,290)	(19,455)
– Bank balances	(37)	(1,042)
Asset impairment losses:		
– Inventories	(12,963)	17,386
– Intangible asset (Note 21)	902	–
	140,842	(43,147)

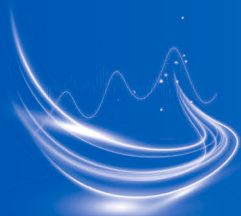
Details of impairment assessment for the year ended 31 December 2022 are set out in Note 57.

15. INCOME TAX EXPENSE

	2022	2021
Current income tax		
– PRC Enterprise Income Tax	935,713	1,578,778
– Overseas Profits Tax	65,858	95,637
Underprovision in prior years:		
– PRC Enterprise Income Tax	(3,326)	12,994
– Overseas Profits Tax	(4,104)	790
Subtotal	994,141	1,688,199
Deferred income tax (Note 30)	(784,750)	585,852
	209,391	2,274,051

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate applicable to PRC enterprises is 25%.

Taxation on profits of Hong Kong, Singapore and other countries and regions has been calculated on the estimated assessable profits in accordance with local tax regulations at the rates of taxation prevailing in the countries or regions in which the Group operates.



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(Amounts in thousands of Renminbi, unless otherwise stated)

15. INCOME TAX EXPENSE (continued)

The reconciliation between the income tax expense at the statutory tax rate of 25% and the effective tax rate is as follows:

	2022	2021
Profit before tax	7,970,867	12,791,012
Tax at the statutory tax rate of 25%	1,992,717	3,197,753
Tax effect of share of losses/(profits) of joint ventures	(218)	(11,649)
Tax effect of expenses not deductible for tax purposes	310,393	283,675
Tax effect of income not taxable for tax purposes	(1,964,308)	(1,182,368)
Effect of different tax rates of subsidiaries	2,201	(27,031)
Utilization of tax losses/deductible temporary differences previously not recognised	(2,674)	-
Tax effect of temporary differences not recognised and deductible tax losses	6,576	-
Changes in income tax in prior years	(7,430)	13,784
Others	(127,866)	(113)
Income tax expense for the year	209,391	2,274,051

16. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company and the number of ordinary shares in issue during the year.

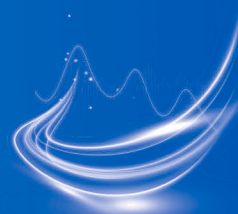
	2022	2021
Profit attributable to equity holders of the Company	7,760,544	10,430,238
Less: Profit attributable to other equity holders of the Company ⁽¹⁾	683,500	564,241
Profit attributable to ordinary equity holders of the Company	7,077,044	9,865,997
Weighted average number of shares in issue (thousand)	10,137,260	10,137,259
Basic earnings per share (in RMB)	0.70	0.97

(1) For the purpose of calculating basic earnings per ordinary share in respect for the year ended 31 December 2022, an amount of RMB684 million (2021: RMB564 million) attributable to perpetual subordinated bonds were deducted from profits attributable to equity holders of the Company.

Diluted earnings per share was computed by dividing the net profit attributable to the owners of the Company based on assuming conversion of all dilutive potential shares for the period by the adjusted weighted average number of ordinary shares in issue. The Company had convertible bonds as dilutive potential ordinary shares.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)



16. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (continued)

	2022	2021
Profit attributable to ordinary equity holders of the Company	7,077,044	9,865,997
Add: Interest expense on convertible bonds, net of tax for the twelve months ended 31 December	142,385	–
Net profit used to determine diluted earnings per share	7,219,429	9,865,997
Weighted average number of shares in issue (thousand)	10,137,260	10,137,259
Add: Weighted average number of ordinary shares assuming conversion of all dilutive shares (thousand)	609,028	–
Weighted average number of ordinary shares for diluted earnings per share (thousand)	10,746,288	10,137,259
Diluted earnings per share (in RMB)	0.67	0.97

No diluted earnings per share for 2021 was presented as there were no potential ordinary shares in issue for 2021.

17. DIVIDENDS

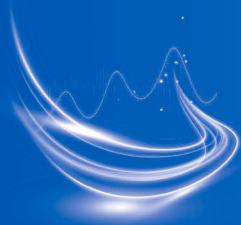
Dividends for ordinary shareholders of the Company declared during the year:

	2022	2021
Dividends declared	3,142,550	2,230,197
Distribution to other equity instrument holders	683,500	683,500

A dividend in respect of 2021 of RMB3.10 per 10 shares (inclusive of tax), or a total of RMB3,142.55 million, based on a total of 10,137,258,757 shares in issue, was approved at the Annual General Meeting on 11 July 2022.

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.

The dividend distributions by the Company triggered the mandatory interest payment event for perpetual subordinated bonds. As at 31 December 2022, the Company has recognised the dividend payable to other equity instrument holders of RMB683.5 million (31 December 2021: RMB683.5 million).



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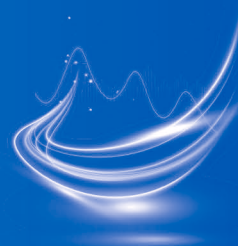
(Amounts in thousands of Renminbi, unless otherwise stated)

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Electronic and communication equipment	Motor vehicles	Office equipment	Leasehold improvements	Total
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
COST						
As at 1 January 2022	280,046	1,045,519	78,642	145,410	395,279	1,944,896
Additions	113	334,743	2,134	13,544	62,392	412,926
Transfer or reclassification	–	9,518	–	(2,658)	(5,922)	938
Exchange gains or losses	(84)	11,549	(29)	(3,328)	(100)	8,008
Disposals/write-off	–	(172,219)	(4,551)	(17,563)	(98,476)	(292,809)
As at 31 December 2022	280,075	1,229,110	76,196	135,405	353,173	2,073,959
ACCUMULATED DEPRECIATION						
As at 1 January 2022	185,618	747,420	67,586	106,540	290,620	1,397,784
Charge for the year	12,047	176,849	2,625	12,422	56,433	260,376
Transfer or reclassification	–	7,107	553	–	–	7,660
Exchange gains or losses	(94)	10,079	(81)	4,323	(7,343)	6,884
Disposals/write-off	–	(171,450)	(3,521)	(16,056)	(95,755)	(286,782)
As at 31 December 2022	197,571	770,005	67,162	107,229	243,955	1,385,922
CARRYING VALUE						
As at 31 December 2022	82,504	459,105	9,034	28,176	109,218	688,037

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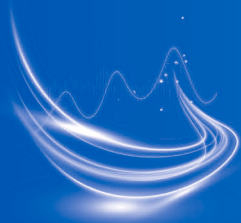
(Amounts in thousands of Renminbi, unless otherwise stated)



19. LEASES

(a) RIGHT-OF-USE ASSETS

	Buildings
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
Cost	
As at 1 January 2022	2,466,215
Additions	681,023
Deductions	(356,069)
Exchange gains or losses	26,418
As at 31 December 2022	2,817,587
Accumulated depreciation	
As at 1 January 2022	895,436
Charge for the year	545,607
Deductions	(313,683)
Exchange gains or losses	2,275
As at 31 December 2022	1,129,635
Net book value	
As at 1 January 2022	1,570,779
As at 31 December 2022	1,687,952



SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

19. LEASES (continued)

(b) LEASE LIABILITIES

The Group's lease liabilities are analysed by the maturity date – undiscounted analysis

	As at 31 December 2022	As at 31 December 2021
Less than 1 year	599,453	533,175
Over 1 years	1,277,149	1,136,732
Undiscounted lease liabilities	1,876,602	1,669,907
Lease liabilities	1,724,003	1,578,803

20. GOODWILL

	Goodwill
Gross carrying amount	
As at 1 January 2022	1,008,713
Exchange gains	37,472
As at 31 December 2022	1,046,185
Accumulated impairment losses	
As at 1 January 2022	–
Impairment losses recognised during the reporting period	–
As at 31 December 2022	–
Net book value	
As at 1 January 2022	1,008,713
As at 31 December 2022	1,046,185

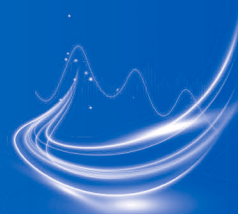
Impairment testing on goodwill

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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(Amounts in thousands of Renminbi, unless otherwise stated)



20. GOODWILL (continued)

Impairment testing on goodwill (continued)

The carrying amount of goodwill allocated to each of the CGU is as follows:

	Securities brokerage		CGS-CIMB Securities		CGS-CIMB Holdings		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Carrying amount of goodwill	223,278	223,278	215,657	197,382	607,250	588,053	1,046,185	1,008,713

Assumptions were used in the value in use calculation of the CGUs for 31 December 2022 and 31 December 2021. 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 15.04% as at 31 December 2022 (31 December 2021: 16.74%). 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 2022 and 2021, 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 21) as the recoverable amounts of the CGU exceed their respective carrying amounts.

CGS-CIMB Securities business cash-generating unit

The Group acquired the CGS-CIMB Securities International Pte. Ltd ("CGS-CIMB Securities") in April 2019. The Group recognised the excess of acquisition cost over the fair value of the net identifiable assets acquired as the goodwill.

Assumptions were used in the value in use calculation of the CGUs for 31 December 2022 and 2021. The recoverable amount of the CGUs is based on the present value of expected future cash flows, which was determined based on financial forecasts approved by management covering a 7-year period and a pre-tax discount rate of 10.25% (2021: 10.00%), which reflected specific risks related to the CGUs. The cash flows beyond the 7-year period are assumed to remain unchanged.

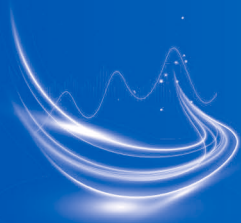
For the purpose of impairment testing, CGS-CIMB Securities is considered as a CGU as a whole from the perspective of the directors of the Group. No impairment was provided at 31 December 2022 and 2021.

CGS-CIMB Holdings business cash-generating unit

The Group acquired the CGS-CIMB Holdings in December 2021. The Group recognised the goodwill of 100% equity held by the original controller of the asset group after confirming the identifiable assets and liabilities of the acquired business.

Assumptions were used in the value in use calculation of the CGUs for 31 December 2022. The recoverable amount of the CGUs is based on the present value of expected future cash flows, which was determined based on financial forecasts approved by management covering a 9-year period and a pre-tax discount rate of 8.78% (2021: 8.03%), which reflected specific risks related to the CGUs. The cash flows beyond the 9-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 2022 and 2021.



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(Amounts in thousands of Renminbi, unless otherwise stated)

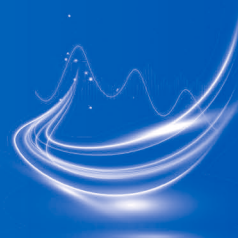
21. OTHER INTANGIBLE ASSETS

	Trading rights	Trademark	Computer software and others	Total
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
COST				
As at 1 January 2022	304,908	4,890	814,023	1,123,821
Additions	–	–	211,133	211,133
Exchange gains or losses	103	453	19,403	19,959
Disposals/write-off	–	–	(2,695)	(2,695)
As at 31 December 2022	305,011	5,343	1,041,864	1,352,218
ACCUMULATED AMORTIZATION				
As at 1 January 2022	–	4,890	414,117	419,007
Charge for the year	–	–	164,242	164,242
Disposals/write-off	–	453	17,680	18,133
Exchange gains or losses	–	–	(347)	(347)
As at 31 December 2022	–	5,343	595,692	601,035
IMPAIRMENT				
As at 1 January 2022	–	–	–	–
Charge for the year (Note 14)	–	–	902	902
Exchange gains or losses	–	–	22	22
As at 31 December 2022	–	–	924	924
CARRYING VALUE				
As at 31 December 2022	305,011	–	445,248	750,259

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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21. OTHER INTANGIBLE ASSETS (continued)

Impairment testing on intangible assets with indefinite useful lives

The trading rights held by the Group are considered by the directors of the Company as having indefinite useful lives because they are expected to contribute net cash inflows indefinitely. These intangible assets will not be 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 2022 and 2021.

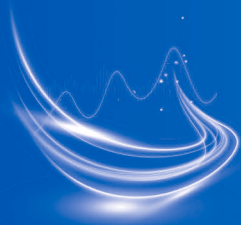
22. INTEREST IN JOINT VENTURES

(1) Details of the Group's investment in joint ventures are as follows:

	As at 31 December 2022	As at 31 December 2021
As at 1 January	30,250	1,308,173
Cost of investment in joint ventures	30,648	97,162
Share of post-acquisition profits and other comprehensive income	871	46,595
Disposals	–	(1,297,821)
Exchange adjustments and others	–	(123,859)
End of the year	61,769	30,250

(2) Details of the Group's joint ventures at the end of the year are as follows:

Name of entity	Country of registration	Principal place of business	Proportion of ownership interest held by the Group 31/12/2022	Proportion of voting rights held by the Group 31/12/2022	Principal activities
China Securities Lize Real Estate (Beijing) Co., Ltd. *	PRC	China	34.16%	34.16%	Real estate development and property management
Gansu Jingning Galaxy Development Fund Co., Ltd. *	PRC	China	1.00%	33.33%	Equity investment and project investment
Gansu Jingning Galaxy Revitalization Fund Co., Ltd. *	PRC	China	1.00%	33.33%	Equity investment and project investment
Zhongshan Xingzhong Galaxy green industry investment fund LLP *	PRC	China	20%	60.00%	Equity investment and project investment
Yinhe core kinetic energy No. 1 equity investment fund (Yantai) partnership LLP *	PRC	China	1.85%	40.00%	Equity investment and project investment
Haiyan Yinhe fashion smart manufacturing equity investment fund partnership LLP *	PRC	China	19.90%	50.00%	Equity investment and project investment
Hainan Galaxy Shipeng New Kinetic Energy Industry Investment Fund Partnership LLP *	PRC	China	20.00%	50.00%	Equity investment and project investment



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(Amounts in thousands of Renminbi, unless otherwise stated)

22. INTEREST IN JOINT VENTURES (continued)

Name of entity	Country of registration	Principal place of business	Proportion of ownership interest held by the Group 31/12/2022	Proportion of voting rights held by the Group 31/12/2022	Principal activities
Komsomolskaya Galaxy Innovation No. 9 Equity Investment Partnership LLP *	PRC	China	5.00%	33.33%	Equity investment and project investment
Zhaoyuan Galaxy Hongxu Equity Investment Fund Partnership LLP *	PRC	China	19.90%	40.00%	Equity investment and project investment
Zhenjiang Yunfan Innovation Investment Fund Partnership LLP *	PRC	China	20.00%	28.57%	Equity investment and project investment
Huzhou Galaxy Furui Equity Investment Partnership *	PRC	China	20.00%	40.00%	Equity investment and project investment
Zhaoyuan Galaxy Hongbo Industrial Investment Partnership *	PRC	China	19.90%	40.00%	Equity investment and project investment

* The joint ventures do not have official English names.

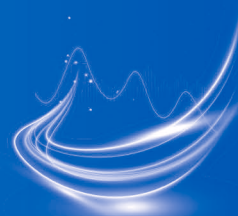
23. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2022	As at 31 December 2021
Non-current		
Debt securities	21,655,196	7,011,106
Funds	848,756	17,620,356
Other investments (a)	11,254,337	12,619,096
	33,758,289	37,250,558
Current		
Debt securities	69,310,373	57,340,527
Equity securities	14,756,292	19,878,945
Funds	30,075,607	4,269,302
Structured deposits and wealth management products	3,199,507	1,213,724
Trust schemes	538,271	321,278
Other investments (a)	19,034,090	14,510,054
Add: Accrued interests	1,250,350	858,519
	138,164,490	98,392,349

- (a) The balance mainly represents investments in: (i) collective asset management schemes issued and managed by the Group, whereby the Group's interest in and exposure to them are not significant, (ii) targeted asset management schemes (or trust investments) managed by non-bank financial institutions, which mainly invest in debt securities, publicly traded equity securities listed in the PRC, funds and loans, (iii) privately offered funds, (iv) equity investments in unlisted enterprises, and (v) perpetual bonds.

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24. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

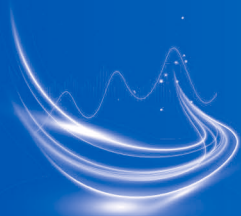
	As at 31 December 2022	As at 31 December 2021
Non-current		
Analyzed by collateral type:		
Equity securities	11,355,696	8,966,480
Less: Impairment	(176,390)	(233,507)
	11,179,306	8,732,973
Analyzed by market of collateral:		
Stock exchanges	11,179,306	8,732,973
Current		
Analyzed by collateral type:		
Equity securities	7,273,121	10,207,737
Debt securities	1,790,829	3,132,992
Funds	–	23,900
Add: Accrued interest	65,246	67,249
Less: Impairment	(15,105)	(189,770)
	9,114,091	13,242,108
Analyzed by market of collateral:		
Stock exchanges	8,595,521	12,041,961
Interbank bond market	498,783	1,200,147
Over the counter	19,787	–

The movements in the allowance for impairment of financial assets held under resale agreements are set out below:

	As at 31 December 2022	As at 31 December 2021
At the beginning of the year	423,277	584,246
Impairment losses recognised, net of reversal (Note 14)	(232,069)	(160,758)
Others	287	(211)
At the end of the year	191,495	423,277

Details of impairment assessment are set out in Note 57.

As at 31 December 2022, the fair values of collateral received by the Group were approximately RMB52,889 million (31 December 2021: RMB66,542 million).



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25. DEBT INSTRUMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2022	As at 31 December 2021
Non-current		
Debt securities	83,795	82,300
Current		
Debt securities	107,849,229	80,007,151
Add: Accrued interest	1,391,939	1,143,468
	109,241,168	81,150,619

The movements in the allowance for impairment of debt instruments measured at fair value through other comprehensive income are set out below:

	2022	2021
At the beginning of the year	180,087	206,830
Impairment losses recognised, net of reversal (Note 14)	18,559	(26,743)
At the end of the year	198,646	180,087

Details of impairment assessment are set out in Note 57.

26. EQUITY INSTRUMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2022	As at 31 December 2021
Non-current		
Equity securities	3,294,792	–
Perpetual bonds	35,100,091	34,684,475
Other investments	134	128
	38,395,017	34,684,603

(1) These equity instruments are neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies. At the date of initial application of IFRS 9, the Group elected to present in other comprehensive income the subsequent changes in fair value of these investments previously classified as available-for-sale financial assets carried at fair value under IAS 39.

(2) During 2022, due to the Group's disposal of equity instruments measured at fair value through other comprehensive income, RMB-437 million of other comprehensive income transferred into retained earnings (2021: RMB12 million).

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27. DEBT INSTRUMENTS MEASURED AT AMORTIZED COST

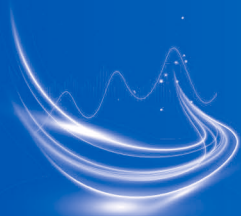
	As at 31 December 2022	As at 31 December 2021
Non-current		
Debt securities ⁽¹⁾	2,347,244	3,733,800
Less: Impairment	(54,203)	(99,186)
	2,293,041	3,634,614
Current		
Debt securities ⁽¹⁾	7,664	1,273,161
Others	373,310	312,873
Add: Accrued interest	34,082	50,097
Less: Impairment	(178)	(1,296)
	414,878	1,634,835

(1) As at 31 December 2022, the interest rates on these debt securities are between 0.99%-6.80% per annum. (31 December 2021: 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	
	2022	2021
At the beginning of the year	100,482	120,041
Impairment losses recognised, net of reversal (Note 14)	(46,290)	(19,455)
Exchange difference and others	189	(104)
At the end of the year	54,381	100,482

Details of impairment assessment are set out in Note 57.



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28. OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December 2022	As at 31 December 2021
Non-current		
Prepayments	1,154,127	1,154,126
Others	26,084	26,100
	1,180,211	1,180,226
Current		
Prepaid taxes	899	15,016
Accrued interest	20	7,688
Prepayments	439,686	260,197
Margin financing clients receivable	201,310	202,264
Inventories	911,126	1,011,605
Customer trading deposits	4,230,218	4,245,396
Others	1,599,980	1,778,614
Subtotal	7,383,239	7,520,780
Less: Impairment	(723,596)	(452,528)
Total	6,659,643	7,068,252

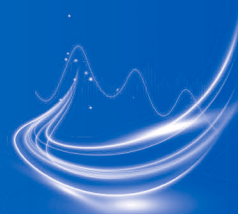
The movements in the allowance for impairment of other receivables are set out below:

	Year ended 31 December	
	2022	2021
At the beginning of the year	452,528	260,745
Impairment losses recognised, net of reversal (Note 14)	271,558	182,577
Amounts written off	-	(90)
Exchange difference and others	(490)	9,296
At the end of the year	723,596	452,528

Details of the impairment assessment are set out in Note 57.

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29. DEPOSITS WITH EXCHANGES AND NON-BANK FINANCIAL INSTITUTIONS

	As at 31 December 2022	As at 31 December 2021
Non-current		
Deposits with stock exchanges	230,346	238,215
Deposits with futures and commodity exchanges	7,531	5,932
Guarantee fund paid to the Shenzhen Stock Exchange	163,892	170,707
Others	641,660	377,581
	1,043,429	792,435
Current		
Deposits with futures and commodity exchanges	14,016,464	10,427,211
Deposits with CSFCL	1,009,803	496,544
	15,026,267	10,923,755

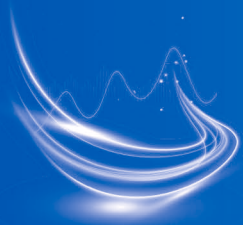
30. DEFERRED TAXATION

For presentation purpose, certain deferred tax assets and deferred tax liabilities have been offset. The following is an analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December 2022	As at 31 December 2021
Deferred tax assets	387,644	168,265
Deferred tax liabilities	192,235	1,138,784
	195,409	(970,519)

	2022	2021
Net deferred income tax assets, at the beginning of the year	(970,519)	(122,039)
Recognised in profit or loss	784,750	(585,852)
Recognised in other comprehensive income	381,178	(243,961)
Deferred taxes acquired in business combinations	-	(18,667)
Net deferred income tax liabilities/assets, at the end of the year	195,409	(970,519)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes, if any, and the taxes are to be levied by the same tax authority, and of the same taxable entity.



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30. DEFERRED TAXATION (continued)

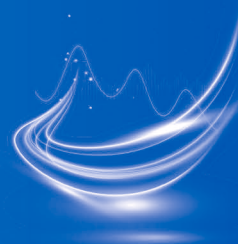
The movements of deferred tax assets and liabilities are set out below:

	Changes in fair value of financial assets at fair value through profit or loss	Changes in fair value of financial assets at FVTOCI	Accrued staff costs	Allowance for impairment losses	Accrued interest expenses	Accrued expenses	Changes in fair value of derivative instruments	Accrued interest income	Others	Total
As at 1 January 2021	(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)
(Charge)/credit to profit or loss	706,761	-	471,838	19,565	127,423	49,607	(417,564)	(214,904)	42,024	784,750
Credit to other comprehensive income	-	381,178	-	-	-	-	-	-	-	381,178
As at 31 December 2022	(144,364)	6,489	618,162	335,269	628,763	81,366	(10,012)	(1,375,023)	54,759	195,409

- (1) At the end of the year, the Group has unrecognised deductible tax losses and temporary differences of approximately RMB156 million (31 December 2021: 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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31. ADVANCES TO CUSTOMERS

	As at 31 December 2022	As at 31 December 2021
Non-current		
Other loans and advances	20,731	70,736
	20,731	70,736
Current		
Loans to margin clients	81,128,984	95,296,017
Other loans and advances	418,091	394,900
Add: Accrued interest	3,023,921	2,633,258
Less: Impairment	(262,411)	(201,145)
	84,308,585	98,123,030

- (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 47, the Group also receive securities collaterals with fair value of RMB250,443 million (31 December 2021: RMB334,001 million) from brokerage clients for margin financing or securities lending arrangements. These securities collaterals were not recognised in the Group's consolidated financial statements. As at 31 December 2022 and 2021, the fair values of cash and securities collaterals held by the Group for majority of the margin clients are higher than the carrying amounts of each individually.

No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value to the users of these consolidated financial statements in view of the nature of business of securities margin financing.

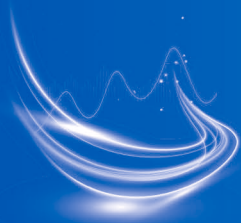
The Group determines the allowance for advances to customers based on the evaluation of collectability and on management's judgment including the assessment of change in credit quality and collateral.

- (2) The movements in the allowance for impairment are set out below:

	Year ended 31 December	
	2022	2021
At the beginning of the year	201,145	192,304
Impairment losses recognised, net of reversal (Note 14)	52,078	1,689
Amounts written off	–	(2,064)
Exchange difference and others	9,188	9,216
At the end of the year	262,411	201,145

Details of impairment assessment are set out in Note 57.

The concentration of credit risk is limited due to the customer base being large and diversified.



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32. ACCOUNTS RECEIVABLE

	As at 31 December 2022	As at 31 December 2021
Accounts receivable of:		
Client securities settlement	3,798,963	2,694,274
Brokers and dealers	4,986,264	6,053,733
Clearing house	1,513,676	992,605
Underwriting and sponsors fee	45,950	65,355
Trading rights rental commission	75,510	146,868
Asset management and funds distribution handling fees	207,977	241,564
Others	37,946	46,804
Subtotal	10,666,286	10,241,203
Less: Impairment	(184,869)	(90,478)
Total	10,481,417	10,150,725

An aging analysis of accounts receivable is as follows:

	As at 31 December 2022	As at 31 December 2021
Within 1 year	10,388,064	10,042,614
Between 1 and 2 years	56,534	47,006
Between 2 and 3 years	19,144	20,174
Over 3 years	17,675	40,931
	10,481,417	10,150,725

The movements in the allowance for impairment of accounts receivable are set out below:

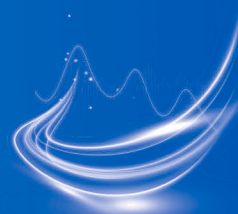
	Year ended 31 December	
	2022	2021
At the beginning of the year	90,478	130,831
Impact of acquisition of subsidiaries	–	26,299
Impairment losses recognised, net of reversal (Note 14)	89,104	(36,801)
Amounts written off	–	(17,842)
Exchange difference and others	5,287	(12,009)
At the end of the year	184,869	90,478

The credit term of accounts receivable is generally within three months. The Group seeks to maintain tight control over its outstanding accounts receivable in order to minimize credit risk. Overdue balances are regularly monitored by management.

Details of impairment assessment are set out in Note 57.

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33. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2022			
	Nominal amounts	Asset	Liability
Hedging instruments:			
Currency forward	175,327	1,241	–
Commodity futures	105,609	–	–
Non-hedging instruments:			
Equity Derivatives	117,470,714	2,272,030	2,358,803
Interest Rate Derivatives	494,286,653	–	–
Other Derivatives	53,982,044	357,262	239,057
Total	666,020,347	2,630,533	2,597,860

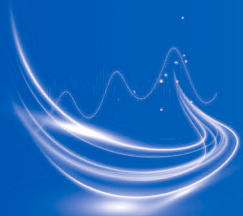
As at 31 December 2021			
	Nominal amounts	Asset	Liability
Hedging instruments:			
Currency forward	423,019	1,000	–
Commodity futures	614,263	–	–
Non-hedging instruments:			
Equity Derivatives	67,160,780	1,382,556	3,792,072
Interest Rate Derivatives	391,263,367	12,276	3,442
Other Derivatives	41,172,893	550,075	851,790
Total	500,634,322	1,945,907	4,647,304

- (1) Under the daily mark-to-market and settlement arrangement, stock index futures, interest rate swaps, treasury bond futures and commodity futures were settled daily and the corresponding receipts and payments were included in clearing settlement funds.

34. CLEARING SETTLEMENT FUNDS

	As at 31 December 2022	As at 31 December 2021
Clearing settlement funds held with clearing houses for:		
– House accounts	9,906,621	7,620,259
– Clients accounts	29,856,238	24,625,625
Add: Accrued interest	48,244	48,156
Total	39,811,103	32,294,040

These clearing settlement funds are held by the clearing houses for the Group and these balances carry interest at prevailing market interest rates.



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35. BANK BALANCES

	As at 31 December 2022	As at 31 December 2021
House accounts	18,403,639	13,106,129
Cash held on behalf of customers	97,230,303	100,487,946
Add: Accrued interest	361,399	344,254
	115,995,341	113,938,329

Bank balances comprise time and demand deposits at banks which bear interest at the prevailing market rates.

The Group maintains accounts with banks to hold customers' deposits arising from normal business transactions. The corresponding liabilities are recorded as accounts payable to brokerage clients (Note 44).

As at 31 December 2022, the ECL allowance for bank balances amounted to RMB1.92 million.

Details of impairment assessment are set out in Note 57.

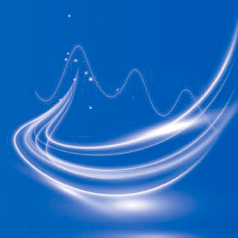
36. SHARE CAPITAL

The Company's number of shares and nominal value are as follows:

	As at 31 December 2022	As at 31 December 2021
Issued and fully paid ordinary shares of RMB1 each (in thousands)		
Domestic shares	6,446,295	6,446,274
H shares	3,690,985	3,690,985
	10,137,280	10,137,259
Share capital (in RMB thousands)		
Domestic shares	6,446,295	6,446,274
H shares	3,690,985	3,690,985
	10,137,280	10,137,259

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37. OTHER EQUITY INSTRUMENTS

	As at 31 December 2022	As at 31 December 2021
Perpetual subordinated bonds ⁽¹⁾	14,885,851	14,885,851
Equity of convertible bonds ⁽²⁾	1,049,840	–
	15,935,691	14,885,851

(1) On 24 November 2020, the Company issued RMB5 billion perpetual subordinated bonds (“20 Yinhe Y1”) at par, with a coupon rate of 4.80%. The bonds are redeemable or repayable at the Company’s option at the end of each repricing period, which is every 5 years.

On 29 March 2021, the Company issued RMB5 billion perpetual subordinated bonds (“21 Yinhe Y1”) at par, with a coupon rate of 4.57%. The bonds are redeemable or repayable at the Company’s option at the end of each repricing period, which is every 5 years.

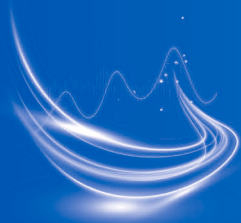
On 21 April 2021, the Company issued RMB5 billion perpetual subordinated bonds (“21 Yinhe Y2”) at par, with a coupon rate of 4.30%. The bonds are redeemable or repayable at the Company’s option at the end of each repricing period, which is every 5 years.

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.



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37. OTHER EQUITY INSTRUMENTS (continued)

- (2) In March 2022, as approved by the CSRC, the Company issued 6-year A-Share convertible bonds with a par value of RMB7.8 billion. The convertible bonds bear a fixed annual interest rate of 0.20% for the first year, 0.40% for the second year, 0.60% for the third year, 1.00% for the fourth year, 1.80% for the fifth year and 2.00% for the sixth year. The initial conversion price is RMB10.24 per share. In July 2022, the conversion price is RMB9.93 per share. The convertible bond holders may exercise their rights to convert the convertible bonds into the Company's A Shares at the stipulated conversion price during the period ("Conversion Period") beginning six months after the date of issuance until the maturity date. Within 5 trading days after maturity, the Company shall redeem the outstanding convertible bonds at 106% of the par value, inclusive of interest for the sixth year.

During the Conversion Period, if the closing price of the Company's A Shares is not less than or equal to 130% of the prevailing conversion price for at least 15 trading days out of any 30 consecutive trading days, or if the total outstanding amount is less than RMB30 million, the Company has the right to redeem all or part of the outstanding convertible bonds at par value plus accrued interest.

The convertible corporate bonds issued have been split into the liability and equity components. After considering direct transaction costs, the Company recognised the equity part of the convertible corporate bonds as other equity instruments amounting to RMB1,050 million.

38. RESERVES AND RETAINED PROFITS

The amounts of the Group's reserves and the movements therein during the year are presented in the consolidated statement of changes in equity.

(a) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of face value and the difference between the considerations of the acquisition of equity interests from non-controlling shareholders and the carrying amount of the proportionate net assets. As at 31 December 2022, the amount attributable to the owners of the company is RMB25,051.65 million (31 December 2021: RMB25,051.47 million.)

(b) Investment revaluation reserve

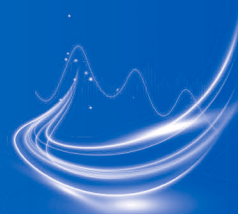
The investment revaluation reserve represents cumulative gains and losses arising on the revaluation of equity instruments at FVTOCI, debt instruments at FVTOCI that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those equity instruments at FVTOCI and debt instruments at FVTOCI are disposed of or are determined to be impaired. As at 31 December 2022, the amount attributable to the owners of the company is RMB-20.73 million (31 December 2021: RMB1,124.07 million).

(c) Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains and losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain and loss arising on changes in fair value of the hedging instrument that are recognised and accumulated under the cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy. As at 31 December 2022, the amount attributable to the owners of the company is RMB-0.86 million (31 December 2021: RMB-0.81 million).

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(Amounts in thousands of Renminbi, unless otherwise stated)



38. RESERVES AND RETAINED PROFITS (continued)

(d) Translation reserve

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of the year, and the income and expenses are translated at the average exchange rates or at the approximate exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the translation reserve. As at 31 December 2022, the amount attributable to the owners of the company is RMB-26.51 million (31 December 2021: RMB-270.26 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 2022, the amount attributable to the owners of the company is RMB23,616.56 million (31 December 2021: RMB21,333.88 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.

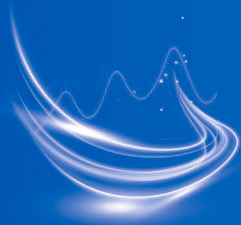
According to the Operational Guidelines for the Application of the Guiding Opinions on Regulating the Asset Management Business of Financial Institutions to Securities Companies with Asset Management Business of Large Collective products (CSRC Announcement [2018] No. 39), risk reserves of 10% of the management fee income shall be provided for large collective products in accordance with the relevant provisions of public funds.

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 RMB494.06 million as at 31 December 2022 (31 December 2021: RMB393.16 million) represents the Company's share of its subsidiaries' statutory surplus reserve which cannot be used for profit distribution.

(f) Distributable profits

In accordance with the relevant regulations, the distributable profits of the Company are deemed to be the lower of (i) the retained profits determined in accordance with PRC GAAP and (ii) the retained profits determined in accordance with IFRSs.



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(Amounts in thousands of Renminbi, unless otherwise stated)

39. BONDS PAYABLE

As at 31 December 2022 and 2021, bonds payable comprised subordinated bonds and corporate bonds.

Details of the bonds issued by the Group are as follows:

Non-current

Value date	Maturity date	Coupon rate	As at 31 December 2022 Carrying amount	As at 31 December 2021 Carrying amount
08 August 2022	08 August 2025	2.72%	3,324,935	—
21 March 2022	21 March 2025	3.38%	1,079,968	—
18 January 2022	18 January 2025	3.15%	3,082,293	—
08 August 2022	08 August 2024	2.46%	1,711,535	—
18 January 2022	18 January 2024	2.97%	1,026,349	—
21 January 2021	21 January 2024	3.58%	3,305,956	3,305,226
04 February 2021	04 February 2024	3.67%	2,581,249	2,579,928
20 July 2021	20 July 2024	3.13%	3,241,985	3,242,290
20 July 2021	20 July 2026	3.45%	1,825,525	1,821,574
09 August 2021	09 August 2024	3.15%	4,045,726	4,048,378
15 September 2021	15 September 2024	3.30%	1,316,257	1,315,554
28 September 2021	28 September 2024	3.40%	1,007,708	1,005,736
20 October 2021	20 October 2024	3.55%	1,810,624	1,803,157
22 November 2021	22 November 2024	3.35%	3,606,660	3,611,518
20 December 2021	20 December 2024	3.20%	3,994,037	3,995,178
26 April 2022	26 April 2025	2.95%	1,525,942	—
09 June 2022	09 June 2025	3.06%	5,070,732	—
26 July 2022	26 July 2024	2.60%	2,016,849	—
26 July 2022	26 July 2025	2.83%	2,018,212	—
11 August 2022	11 August 2027	3.08%	5,042,617	—
05 September 2022	05 September 2025	2.54%	1,004,787	—
05 September 2022	05 September 2027	2.95%	4,023,736	—
24 March 2022	23 March 2028	0.20%	6,876,035	—
29 July 2020	29 July 2023	3.72%	—	3,042,037
23 October 2020	23 October 2023	3.70%	—	3,017,986
09 August 2021	09 August 2023	2.93%	—	2,019,349
15 September 2021	15 September 2023	3.15%	—	3,224,794
28 September 2021	28 September 2023	3.30%	—	2,514,539
20 October 2021	20 October 2023	3.40%	—	4,222,334
22 November 2021	22 November 2023	3.10%	—	2,400,825
14 January 2020	14 January 2023	3.75%	—	4,139,626
17 February 2020	17 February 2023	3.25%	—	1,848,514
11 March 2020	11 March 2023	3.03%	—	1,023,105
21 January 2021	21 January 2023	3.24%	—	1,850,093
04 February 2021	04 February 2023	3.50%	—	1,546,076
			64,539,717	57,577,817

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(Amounts in thousands of Renminbi, unless otherwise stated)

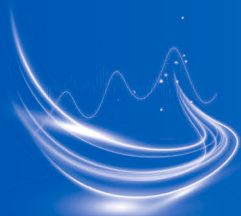


39. BONDS PAYABLE (continued)

Current

Value date	Maturity date	Coupon rate	As at	As at
			31 December 2022 Carrying amount	31 December 2021 Carrying amount
30 January 2019	30 January 2022	4.05%	–	4,149,129
27 February 2019	27 January 2022	4.20%	–	3,520,143
11 March 2019	11 March 2022	4.25%	–	3,517,579
14 January 2020	14 January 2022	3.65%	–	1,034,487
14 January 2020	14 January 2023	3.75%	4,144,247	–
17 February 2020	17 February 2022	3.15%	–	3,287,317
17 February 2020	17 February 2023	3.25%	1,850,618	–
11 March 2020	11 March 2022	2.88%	–	4,092,165
11 March 2020	11 March 2023	3.03%	1,024,279	–
29 July 2020	29 July 2022	3.50%	–	3,042,047
29 July 2020	29 July 2023	3.72%	3,045,505	–
23 October 2020	23 October 2023	3.70%	3,019,568	–
27 November 2020	27 November 2022	3.80%	–	4,011,431
21 January 2021	21 January 2023	3.24%	1,854,965	–
04 February 2021	04 February 2023	3.50%	1,547,348	–
09 August 2021	09 August 2023	2.93%	2,022,018	–
15 September 2021	15 September 2023	3.15%	3,227,537	–
28 September 2021	28 September 2023	3.30%	2,519,674	–
20 October 2021	20 October 2023	3.40%	4,225,197	–
22 November 2021	22 November 2023	3.10%	2,405,120	–
			30,886,076	26,654,298

All of these bonds are denominated in RMB.



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40. DEBT INSTRUMENTS

	As at 31 December 2022 Carrying Amount	As at 31 December 2021 Carrying Amount
Non-current		
Structured notes ⁽²⁾	294,781	198,436
	294,781	198,436
Current		
Short-term financing bills ⁽¹⁾	22,664,788	21,484,199
Structured notes ⁽²⁾	6,640,300	9,467,190
	29,305,088	30,951,389

(1) Short-term financing bills

The details of short-term financing bills as at 31 December 2022 are as follows:

Name	Issue amount RMB'000	Value date	Maturity date	Coupon rate
22 CGS CP006	4,000,000	23 May 2022	23 May 2023	2.29%
22 CGS CP007	3,500,000	22 June 2022	22 June 2023	2.37%
22 CGS CP009	4,000,000	19 July 2022	19 July 2023	2.25%
22 CGS CP011	4,000,000	13 October 2022	13 October 2023	2.08%
22 CGS CP012	4,000,000	14 December 2022	14 March 2023	2.55%
22 CGS CP013	3,000,000	22 December 2022	21 April 2023	2.70%

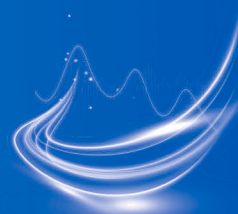
(2) Structured notes

Structured notes are a special type of financing allowed by CSRC.

As at 31 December 2022, for structured notes issued by the Company, their coupon rates are from 1.85% to 6.66% (31 December 2021: 2.55% to 6.00%).

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41. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

(1) Financial liabilities held for trading:

	As at 31 December 2022	As at 31 December 2021
Current		
Equity Securities	245,896	388,601
Debt Securities	12,520,806	1,087,689
	12,766,702	1,476,290

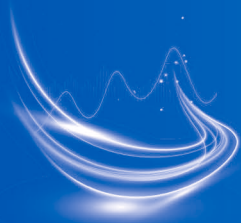
(2) Financial liabilities designated as at fair value through profit or loss:

	As at 31 December 2022	As at 31 December 2021
Non-current		
Equity-linked Financing payables ⁽¹⁾	5,956,032	6,175,669
Gold-linked Financing payables	314,477	-
Contractual liabilities arising from the forward acquisitions of non-controlling interests ⁽²⁾	1,216,718	1,219,505
	7,487,227	7,395,174
Current		
Equity-linked Financing payables ⁽¹⁾	11,067,862	5,966,443
Gold-linked Financing payables	1,676,472	494,550
Structured products embedded with equity swaps ⁽³⁾	639,532	1,251,478
	13,383,866	7,712,471

(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 their balance is linked to the performance of the corresponding equity swaps.



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(Amounts in thousands of Renminbi, unless otherwise stated)

42. OTHER PAYABLES AND ACCRUALS

	As at 31 December 2022	As at 31 December 2021
Non-current		
Third-party interests in consolidated structured entities	209,790	561,200
	209,790	561,200
Current		
Third-party interests in consolidated structured entities	301,263	19,952
Customer trading deposits	26,111,354	20,482,048
Other payables to trading clients	458,865	500,260
Settlement payable	7,685,605	5,250,979
Value-added tax and other taxes	167,252	558,364
Accrued expenses	905,463	948,393
Sundry payables	55,768	36,963
Payable for the securities investor protection fund	64,469	84,851
Dividends payable	498,979	443,500
Others	1,571,004	765,277
	37,820,022	29,090,587

43. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

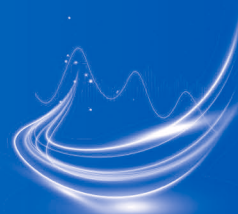
	As at 31 December 2022	As at 31 December 2021
Secured short-term bank loans	-	-
Unsecured short-term bank loans ⁽¹⁾	16,374,890	17,022,304
Margin funds loans ⁽²⁾	11,000,000	7,000,000
Add: Interest payable	48,748	31,881
	27,423,638	24,054,185

(1) As at 31 December 2022, the unsecured short-term bank loans bear interest at 2.3% to 5.84% (31 December 2021: 0.70%-5.10% per annum and 1-week HIBOR plus 140 to 180 basis points per annum), and are repayable within 6 months (31 December 2021: within 6 months.)

(2) The margin funds loans borrowed by the Group from CSFCL are secured by cash collateral of RMB805 million and shares listed in the PRC with a fair value of approximately RMB2,760 million. These margin funds loans bear interest at 2.10% per annum and are repayable within 3-6 months.

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44. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

The majority of the accounts payable balances are repayable on demand except where certain balances represent margin deposits and cash collateral received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value to the readers of these consolidated financial statements in view of the nature of these businesses.

Accounts payable to brokerage clients mainly include money held on behalf of clients at banks and at clearing houses by the Group, and are interest-bearing at the prevailing market interest rates.

As at 31 December 2022, included in the Group's accounts payable to brokerage clients were approximately RMB11,704 million (31 December 2021: RMB10,184 million) received from clients for margin financing and securities lending arrangement.

45. ACCRUED STAFF COSTS

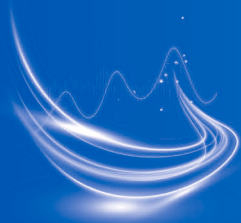
	As at 31 December 2022	As at 31 December 2021
Salaries, bonus and allowances	5,012,014	4,242,008
Social welfare	22,558	18,881
Annuity schemes	57,147	23,414
Supplementary retirement benefits	421,257	405,480
Early retirement benefits	460	510
Others	163,865	216,480
	5,677,301	4,906,773

Note:

(1) Defined Contribution Plans

The employees of the Group participate in the basic endowment insurance plan operated by the governmental authorities, and the Group makes contributions at the prescribed rate based on the benchmark determined with reference to the average monthly income of the individual employee for the previous year, which will be within the upper and lower limits of the contribution benchmark of the local basic endowment insurance plan. Save for the aforesaid contributions, the Group has no further payment obligations. The corresponding expenditure is included in the current profit or loss in the period when it incurred. There are no contributions forfeited under the basic social endowment insurance plan as all contributions are fully vested to the employees upon the payment is made.

In addition to the basic social endowment insurance plan organised and implemented by the local labor and social security departments in accordance with relevant PRC laws and regulations, the Group also operates an enterprise annuity plan under a defined contribution model for eligible employees, under which the contributions and the investment gains thereon for the individual employee's personal account will be vested to such individual employee in accordance with the relevant rules. The contributions to the enterprise annuity fund that are not vested to the individual employee due to the employee's resignation will not be used to offset the existing contributions, but will be transferred to the public account of such enterprise annuity fund and allocated among members of such enterprise annuity fund after the procedures for approval are completed in accordance with the relevant regulations.



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45. ACCRUED STAFF COSTS (continued)

Note: (continued)

(2) Defined Benefit Plans

The Group operates post-employment benefit plans under a defined benefit model (including the supplementary retirement benefits and the early retirement benefits) for eligible employees. For the defined benefit plans, the benefit obligations incurred under the defined benefit plans will be vested by the Group in the period when the employees provide services according to the formula determined by the projected unit credit method and included in the current profit or loss.

Supplementary retirement benefits

Supplementary retirement benefits contain two parts: 1) pensions and medical benefits to qualified employees who will retire on or before 31 December 2014 and are still alive at the end of the reporting period; 2) during the year ended 31 December 2022, additional supplementary benefits including heating and cooling expenses reimbursements to certain existing employees after their retirements were introduced to those employees by the Group. Accordingly, the increases in the present value of the supplementary retirement benefits for employee service in prior periods and the current period were recognised as past service costs and current service costs, respectively, during the year ended 31 December 2022.

Movements in the present value of supplementary retirement benefits are as follows:

	Year ended 31 December	
	2022	2021
Beginning of the year	405,480	384,973
Amounts charged to profit or loss:		
Current service costs	11,759	11,072
Past service costs	–	(3,614)
Interest on obligation	12,492	13,332
Benefits paid	(21,454)	(19,625)
Amount credited/(charged to OCI):		
Actuarial losses/(gains) arising from assumption changes	4,057	18,469
Actuarial losses/(gains) from experience adjustments	8,119	6,455
Exchange difference	804	(5,582)
End of the year	421,257	405,480

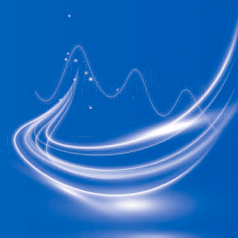
The Company has engaged Ernst & Young (China) Advisory Limited, a member of the China Association of Actuaries, to conduct an actuarial evaluation on the supplementary retirement benefit plan and the early retirement benefit plan of the Company on 31 December 2022. The projected unit credit method has been adopted for such evaluation. Net interest on the net defined benefit plans liability was included in staff costs.

The plans typically expose the Company to interest rate risk and longevity risk.

- Interest rate risk: a decrease in the bond interest rate will increase the plan liability.
- Longevity risk: the present value of the defined benefit plan liability is calculated by reference to the best estimate of China Life Insurance Pension life table (CLA2010-2013. An increase in the life expectancy of the plan participants will increase the plan's liability.)

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45. ACCRUED STAFF COSTS (continued)

(2) Defined Benefit Plans (continued)

Supplementary retirement benefits (continued)

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Valuation at	
	31 December 2022 %	31 December 2021 %
Discount rates of supplementary retirement benefits	3.10	3.25
Discount rates of early retirement benefits	2.50	2.60
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

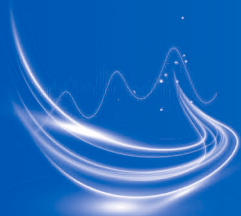
Discount rates are set to be the government bond yields with similar maturities. As at 31 December 2022, the duration of supplementary retirement benefits was 16.0 (31 December 2021: 16.0).

No plan assets have been created for the supplementary retirement benefit plan and the early retirement benefit plan. Therefore, no relevant information about the market value of plan assets, the level of funding, or material surplus or deficiency could be disclosed.

Sensitivity analysis of supplementary retirement benefits

Significant actuarial assumptions for the determination of the defined obligation of the Company are discount rate and benefit growth rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Effect on the pension	Change in assumptions	Benefit obligation	
		31 December 2022	31 December 2021
Discount rate	-50bps	26,924	25,822
Discount rate	+50bps	(24,174)	(23,174)
Benefit growth rate	-50bps	(15,514)	(15,474)
Benefit growth rate	+50bps	27,694	26,585



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46. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 31 December 2022	As at 31 December 2021
Current		
Analyzed by collateral type:		
Debt securities	131,383,227	121,887,884
Funds	12,225,835	4,052,637
Shares	351,762	466,639
Golds	14,093,699	7,085,585
Others	–	926,719
Add: Interests payable	440,873	184,424
	158,495,396	134,603,888
Analyzed by market of collateral:		
Stock exchanges	86,471,202	71,312,708
Interbank bond market	57,001,856	54,195,609
Over the counter	14,581,465	8,911,147
Add: Interests payable	440,873	184,424
	158,495,396	134,603,888

Financial assets sold under repurchase agreements bear effective interest at 0.83%-6.66% (31 December 2021: 2.00%-6.40% per annum).

47. CASH AND CASH EQUIVALENTS

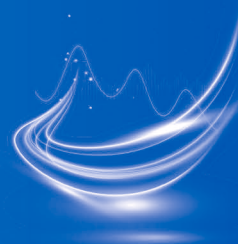
Cash and cash equivalents comprise the following:

	As at 31 December	
	2022	2021
Bank balances – house accounts	16,872,463	12,021,183
Clearing settlement funds – house accounts	9,906,621	7,620,259
	26,779,084	19,641,442

Cash and cash equivalents do not include bank deposits held by the Group with original maturity of more than three months held by the Group and are restricted for use. As at 31 December 2022, bank deposits with original maturity of more than three months held by the Group were RMB19,910 million (31 December 2021: RMB23,037 million) and there were bank deposits of RMB801 million restricted for use (31 December 2021: RMB288 million.)

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48. INTERESTS IN STRUCTURED ENTITIES

(a) Structured entities set up and managed by the Group

Structured entities consolidated by the Group include the asset management schemes, funds and other investments where the Group involves through launch or investment. These special vehicles issue units to investors, including the Group, to finance their operations, which are primarily investments in various debt and equity instruments.

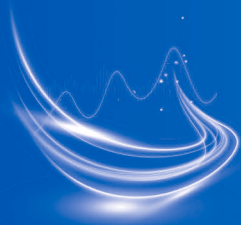
The Group has committed to holding investments of RMB6 million (31 December 2021: RMB0 million) in collective asset management schemes managed by the Group till the end of the investment period. These investments are usually the most junior tranches in these schemes and will be utilized to absorb losses of more senior tranches. As at 31 December 2022 and 2021, 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 2022, the total assets of the consolidated structured entities are RMB31,741 million (31 December 2021: RMB14,102 million) and the total net assets of the consolidated structured entities are RMB30,607 million (31 December 2021: RMB13,843 million). The carrying amount of third-party interests in the consolidated structured entities are RMB511 million (31 December 2021: RMB581 million), and these interests are presented in Note 42.

The Group also has interests in unconsolidated collective asset management schemes which the remuneration of the Group is commensurate with the services provided and the variable returns the Group exposed to are not considered to be significant. The Group therefore considers such decision-making rights are acting as an agent for the investors and hence did not consolidate these structured entities.

The amount of unconsolidated structured entities managed by the Group amounted to RMB116,100 million as at 31 December 2022 (31 December 2021: RMB120,378 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 RMB544 million as at 31 December 2022 (31 December 2021: RMB381 million).

During the year, management fee income and investment gains from the unconsolidated asset management schemes managed by the Group amounted to RMB342 million (31 December 2021: RMB317 million).



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48. INTERESTS IN STRUCTURED ENTITIES (continued)

(b) Structured entities set up and managed by third party institutions in which the Group holds interests

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

The carrying amount of the related accounts in the consolidated statement of financial position is equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities as at 31 December 2022 and 2021, which are listed below:

	As at 31 December 2022	As at 31 December 2021
	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	30,959,027	21,889,658
– Trust schemes and wealth management products	2,995,138	626,565
– Asset management schemes	543,574	381,280
– Others	16,322,514	12,414,431
Total	50,820,253	35,311,934

49. TRANSFERS OF FINANCIAL ASSETS

In the normal course of business, the Group enters into certain transactions in which they transfer recognised financial assets to third parties or customers. If these transfers qualify for derecognition, the Group derecognises all or part of the financial assets where appropriate. If the Group has retained substantially all the risks and rewards on these assets, the Group continues to recognise these assets.

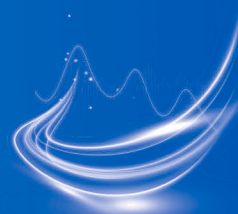
Repurchase agreements

Sales and repurchase agreements are transactions in which the Group sells securities, rights and interests in a margin loan and simultaneously agrees to repurchase it (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those securities, rights and interests in margin loans transferred. These transferred assets are not derecognised from the consolidated financial statements but regarded as “collateral” for the liabilities because the Group retains substantially all the risks and rewards of these transferred assets.

The proceeds from selling the transferred assets are presented as financial assets sold under repurchase agreements, as disclosed in Note 46. Since the Group transfers contractual rights to receive the cash flows of the securities, it does not have the ability to sell or repledge these transferred assets during the term of these arrangements.

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(Amounts in thousands of Renminbi, unless otherwise stated)



49. TRANSFERS OF FINANCIAL ASSETS (continued)

Repurchase agreements (continued)

The following tables provide a summary of carrying amounts and fair values related to the transferred financial assets that are not derecognised in their entirety and the associated liabilities:

	Financial assets measured at fair value through profit or loss	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 2022					
Carrying amount of transferred assets	54,758,107	22,152,969	45,315,911	734,339	122,961,326
Carrying amount of associated liabilities	(46,092,222)	(18,647,094)	(38,144,325)	(618,124)	(103,501,765)
Net position	8,665,885	3,505,875	7,171,586	116,215	19,459,561

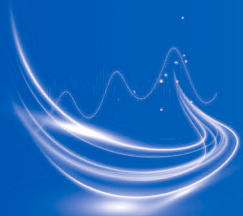
	Financial assets measured at fair value through profit or loss	Equity instruments measured at fair value through other comprehensive income	Debt instruments measured at fair value through other comprehensive income	Debt instrument measured at amortization cost	Total
As at 31 December 2021					
Carrying 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

Securities lending arrangements

The Group entered into securities lending agreements with clients. As at 31 December 2022, it lent out its own equity securities and ETF classified as financial assets measured at fair value through profit or loss of RMB749 million (31 December 2021: RMB1,126 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 1,150 days. The Group has determined that it retains substantially all the risks and rewards of ownership of these securities and therefore has not derecognised these securities in the consolidated financial statements.

50. CAPITAL COMMITMENTS

	As at 31 December	
	2022	2021
Contracted but not provided for		
Leasehold improvements	19,927	15,583
Property and equipment	239,214	259,592
Total	259,141	275,175



51. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and CO, is as follows:

For the year ended 31 December 2022

Name	Fee	Salaries and allowances	Employer's contribution to pension schemes	Bonuses	Total
Executive Directors:					
Chen Liang ⁽²⁾	–	1,484	286	733	2,503
Wang Sheng	–	699	110	61	870
Jiang Yuesheng	–	635	305	203	1,143
Chen Gongyan ⁽³⁾	–	730	114	850	1,694
Non-executive Directors:					
Yang Tijun ⁽¹⁾	–	–	–	–	–
Liu Chang	–	–	–	–	–
Liu Zhihong	–	–	–	–	–
Li Hui	–	–	–	–	–
Liu Dingping ⁽⁵⁾	–	–	–	–	–
Independent Non-executive Directors:					
Wang Zhenjun	270	–	–	–	270
Liu Ruizhong	260	–	–	–	260
Liu Chun	260	–	–	–	260
Luo Zhuojian	210	–	–	–	210
Supervisors:					
Qu Yanping	–	1,484	268	122	1,874
Chen Jijiang	–	702	291	1,037	2,030
Fan Minfei	–	752	291	1,042	2,085
Tao Libin	120	–	–	–	120
Wei Guoqiang ⁽⁴⁾	–	–	–	–	–

(1) The emoluments of these non-executive directors of the Company were borne or partially borne by its shareholders and other related parties including Galaxy Financial Holdings and Central Huijin Investment Ltd. ("Central Huijin"). No allocation of the emoluments among these related parties and the Group has been made.

(2) Appointed as an executive director on 18 August 2022.

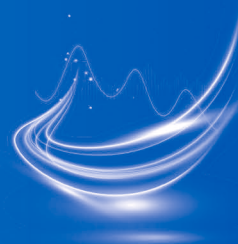
(3) Resigned as an executive director on 18 August 2022.

(4) Appointed as a supervisor on 29 June 2022.

(5) Resigned as a non-executive director on 30 September 2022.

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(Amounts in thousands of Renminbi, unless otherwise stated)



51 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

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 Directors:					
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.

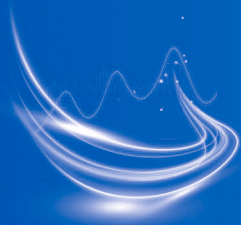
(8) Appointed as a supervisor on 19 October 2021.

(9) Resigned as a supervisor on 19 October 2021.

(10) Resigned as a supervisor on 29 June 2021.

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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(Amounts in thousands of Renminbi, unless otherwise stated)

51 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

The supervisors' emoluments shown above were mainly for their services as supervisors of the Company.

Pursuant to the PRC relevant regulations, a portion of the performance-based bonus for certain executive directors, non-executive directors and supervisors are deferred for a minimum of 3 years contingent upon the future performance.

As of the date of the issuance of these consolidated financial statements, the above compensation packages including performance-based bonus for executive directors, non-executive directors and supervisors for the year ended 31 December 2022 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 2022 and 2021, no directors or supervisors of the Company waived any emoluments and no emoluments were paid by the Company to any of the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

52. FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the five highest paid employees during the reporting periods are as follows:

	2022	2021
Basic salaries and allowances	2,769	6,582
Bonuses	11,866	5,461
Employer's contribution to pension schemes	999	1,123
	15,634	13,166

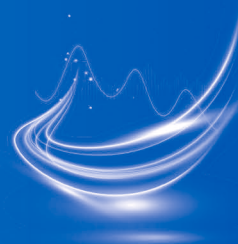
Bonuses are discretionary and determined by reference to the Group's and the individuals' performance. No emoluments have been paid to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years of 2022 and 2021.

The number of the highest paid employees whose remuneration fell within the following bands is as follows:

	2022 No. of employees	2021 No. of employees
Emolument bands		
– HKD3,000,001 to HKD3,500,000	1	4
– HKD3,500,001 to HKD4,000,000	3	1
– HKD4,000,001 to HKD4,500,000	1	–
– HKD4,500,001 to HKD5,000,000	–	–
– HKD5,000,001 to HKD5,500,000	–	–
– HKD6,000,001 to HKD6,500,000	–	–
– HKD10,000,001 to HKD10,500,000	–	–
	5	5

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(Amounts in thousands of Renminbi, unless otherwise stated)



53. RELATED PARTY TRANSACTIONS

(a) Transactions and balances with governmental related entities operated in the PRC

(1) Immediate holding company and its fellow subsidiaries

Galaxy Financial Holdings is a financial holding company approved by the State Council of the PRC and was established in Beijing on 8 August 2005. Galaxy Financial Holdings owned 5,186,538,364 shares (31 December 2021: 5,186,538,364 shares), representing 51.16% of the entire equity interest of the Company as at 31 December 2022 (31 December 2021: 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.

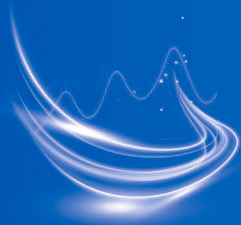
The SSF is a government agency at the ministerial level directly under the State Council of the PRC, primarily responsible for the management and operation of National Social Security Fund.

During the years ended 31 December 2022 and 2021, 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 2022	As at 31 December 2021
Accounts receivable	2,706	6,906
Accounts payable to brokerage clients	182,951	64,124
Other assets	663	–
Other liabilities	11	11

	2022	2021
Commission and fee income	18,850	44,329
Interest expenses	332	415
Rental expenses paid or payable	13,944	46,990

During the year ended 31 December 2022, accounts payable to brokerage clients from Galaxy Financial Holdings amounted to RMB0.31 million (31 December 2021: RMB0.06 million).



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(Amounts in thousands of Renminbi, unless otherwise stated)

53. RELATED PARTY TRANSACTIONS (continued)

(a) Transactions and balances with governmental related entities operated in the PRC (continued)

(2) Central Huijin Group

Central Huijin holds equity interests in a number of banks and non-bank financial institutions in the PRC under the direction of the Chinese government (collectively referred to as the “Central Huijin Group”). The Group enters into transactions with Central Huijin Group under normal commercial terms. Such transactions mainly include deposits at banks, securities and futures dealing and broking, underwriting of equity and debt securities, and purchases and sales of equity and debt securities issued by banks and non-bank financial institutions within the Central Huijin Group.

The Group’s material transactions with the Central Huijin Group

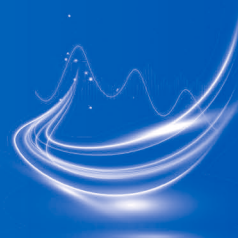
	2022	2021
Commission and fee income	(8,785)	68,256
Interest income from banks and other financial institutions within the Central Huijin Group	1,093,800	1,211,655
Investment gains of equity and debt securities issued by banks and other financial institutions within the Central Huijin Group	384,661	(668,399)
Interest expenses to brokerage clients within the Central Huijin Group	296,085	58,493
Other income, gains and losses	–	762
Other operating expenses	4,734	5,112

The Group’s material balances with the Central Huijin Group

	As at 31 December 2022	As at 31 December 2021
Equity and debt securities issued by banks and non-bank financial institutions within the Central Huijin Group classified as		
– financial assets measured at FVTOCI-Bond	1,046,462	4,262,202
– financial assets measured at FVTPL	8,109,433	2,386,273
– financial assets measured at FVTOCI-Equity	2,529,097	1,402,963
– financial assets measured at AC	383,422	–
Bank balances deposited with banks within the Central Huijin Group	62,006,771	48,920,582
Derivative financial assets	98,158	7,685
Right-of-use assets	5,077	2,119
Derivative financial liabilities	28,064	929,811
Accounts receivable	21,735	6,468
Due to banks and other financial institutions	1,617,430	4,076,284
Accounts payable to brokerage clients within the Central Huijin Group	701,131	894,091
Other payables and accruals	1,325,999	263,687
Financial assets sold under repurchase agreements	40,422,536	18,436,817
Lease liabilities	4,703	1,706
Other receivables and prepayments	261,043	82,139

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53. RELATED PARTY TRANSACTIONS (continued)

(a) Transactions and balances with governmental related entities operated in the PRC (continued)

(3) Transactions with other government-related entities in the PRC

Other than disclosed above, a significant portion of the Group's transactions are entered into with government-related entities including securities and futures dealing and broking, underwriting of debt securities, purchases and sales of government bonds, and equity and debt securities issued by other government-related entities. These transactions are entered into under normal commercial terms and conditions. At the end of the reporting period, the Group held such investments in equity and debt securities and had balances with these government-related entities including accounts payable to brokerage clients.

The directors of the Company consider that transactions with government-related entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those entities are government related. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the counterparties are government related entities.

(b) Other related parties

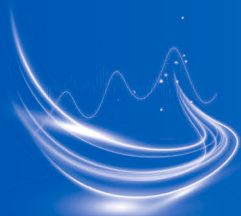
(1) Other related parties which have transactions with the Group are as follows:

Name	Relationship
China Securities Lize Real Estate (Beijing) Co., Ltd. ("China Securities Lize Real Estate") 中證麗澤置業(北京)有限責任公司	Joint venture

The Group's material transactions with other related parties

Other receivables and prepayments

	As at 31 December 2022	As at 31 December 2021
China Securities Lize Real Estate	1,154,126	1,154,126



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53. RELATED PARTY TRANSACTIONS (continued)

(b) Other related parties (continued)

(2) Key management personnel compensations

Key management personnel are those persons having authorities and responsibilities for planning, directing and controlling the activities of the Group, directly or indirectly, including directors, supervisors and other members of senior management.

The key management compensation for the years ended 31 December 2022 and 2021 comprises:

	2022	2021
Salaries, allowances, bonuses, social welfare and annuity scheme contribution	23,941	32,796

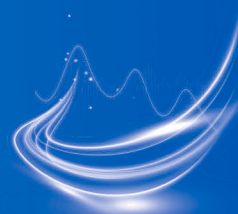
54. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December 2022	As at 31 December 2021
Financial assets		
Financial assets at amortized cost	294,688,496	299,275,058
– Debt instruments measured at amortized cost	2,707,919	5,269,449
– Financial assets held under resale agreements	20,293,397	21,975,081
– Deposits with exchanges and non-bank financial institutions	16,069,696	11,716,190
– Bank balances	115,995,340	113,938,329
– Advances to customers	84,329,316	98,193,766
– Accounts receivable	10,481,417	10,150,725
– Other financial assets	5,000,308	5,737,478
– Clearing settlement funds	39,811,103	32,294,040
Debt instruments measured at fair value through other comprehensive income	109,324,963	81,232,919
Equity instruments measured at fair value through other comprehensive income	38,395,017	34,684,603
Financial assets measured at fair value through profit or loss (FVTPL)	171,922,779	135,642,907
Derivative financial assets	2,630,533	1,945,907
Financial liabilities		
Financial liabilities at amortized cost	476,073,825	429,548,386
– Bonds payable	95,425,793	84,232,115
– Debt instruments	29,599,869	31,149,825
– Other financial liabilities	35,483,204	27,107,552
– Accounts payable to brokerage clients	129,645,925	128,400,821
– Due to banks and other financial institutions	27,423,638	24,054,185
– Financial assets sold under repurchase agreements	158,495,396	134,603,888
Financial liabilities held for trading	12,766,702	1,476,290
Financial liabilities designated as at fair value through profit or loss	20,871,093	15,107,645
Derivative financial liabilities	2,597,860	4,647,304

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55. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

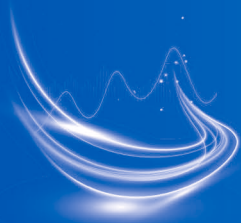
The Group offsets the following financial assets and financial liabilities since the Group currently has a legally enforceable right to set off the balances, and intends either to settle on a net basis, or to realize the balances simultaneously.

(a) Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

As at 31 December 2022						
Type of financial assets	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial * instruments	Cash collateral received	
Accounts receivable from clearing house and brokers ⁽¹⁾	5,377,367	(441,350)	4,936,017	(425,383)	(148,316)	4,362,318
Total	5,377,367	(441,350)	4,936,017	(425,383)	(148,316)	4,362,318

As at 31 December 2021						
Type of financial assets	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial * instruments	Cash collateral received	
Accounts receivable from clearing house and brokers ⁽¹⁾	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

* These represent the market values of shares pledged by customers which are capped at the outstanding balances of the respective customers.



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55. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

(b) Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

As at 31 December 2022						
Type of financial liabilities	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral pledged	
Accounts payable to clearing house and brokers ⁽¹⁾	4,989,313	(441,350)	4,547,963	(425,383)	(20,884)	4,101,696
Total	4,989,313	(441,350)	4,547,963	(425,383)	(20,884)	4,101,696

As at 31 December 2021						
Type of financial liabilities	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral pledged	
Accounts payable to clearing house and brokers ⁽¹⁾	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

Notes:

- (1) Under the continuous net settlement, certain receivables and payables with Hong Kong Securities Clearing Company Limited and other brokers on the same settlement dates are settled on net basis.

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56. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bonds payable	Debt instruments	Due to banks and other financial institutions	Dividends payable
At 31 December 2021	84,232,115	31,149,825	7,926,244	443,500
Financing cash flows	8,175,045	(2,539,360)	(464,130)	(3,770,571)
Non-cash changes:				
Interest expenses	3,018,633	989,404	928,260	–
Dividends declared	–	–	–	3,826,050
At 31 December 2022	95,425,793	29,599,869	8,390,374	498,979

	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

The ending balances as at 31 December 2022 and 2021 shown above excluded certain amounts from due to banks and other financial institutions and interest accrued on them as they were related to operating activities of the Group.

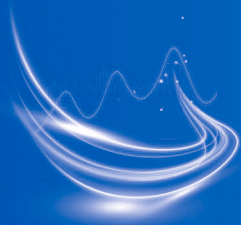
57. FINANCIAL RISK MANAGEMENT

Overview

The Group's risk management objectives are to ensure its development within a sustainable and healthy direction, its business operated orderly within an acceptable risk framework and its overall risks within a measurable, controllable and acceptable manner, aiming to achieve the Group's overall development strategy. The Group's risk management strategy is to identify and analyze the various risks faced by the Group, establish appropriate risk tolerance, and reliably measure and monitor the risks on a timely and effective manner to ensure the risks are controlled within the tolerance level.

In daily operation, the Group is mainly exposed to credit risk, market risk, operational risk and liquidity risk. The Group has established risk management policies and procedures to identify and analyze these risks, set appropriate risk indicators, risk limits, risk policies and internal control processes, and monitor and manage the risks continuously through its information system.

Risk management principles include the consideration of the levels of comprehensiveness, prudence, counter checking and balancing and independence.



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(Amounts in thousands of Renminbi, unless otherwise stated)

57. FINANCIAL RISK MANAGEMENT (continued)

Risk management organizational structure

The risk management of the Company at the upper level involving the Board of Directors, the Supervisory Committee and the management as the major bodies of the comprehensive risk management system and according to the “three-layer defence” lays down the foundation of risk management, incorporates risk management of subsidiaries in a single system and implements a vertical management of risks, among which:

The Board of Directors is the highest decision-making body of the risk management system, taking the ultimate responsibility for the Company’s risk management duties through its sub-committees, Compliance and Risk Management Committee and Audit Committee. The Supervisory Committee monitors whether the Board of Directors and the management have fulfilled their responsibilities in respect of risk management on a timely and effective manner according to laws and regulations. The management is responsible for the implementation of risk management strategies, objectives and policies. The chief risk officer is in charge of overall risk management.

Business departments, functional departments and branches are charged with the primary responsibility for risk management. They shall execute the Company’s risk management strategies and policies, understand and give due consideration to various risks when making decisions, and identify, assess, monitor and report relevant risks in a timely and effective manner. The Company deploys dedicated/part-time risk management and compliance personnel in business departments and branches to be responsible for the management of specific risks and compliance management. Risk Management Headquarters, Legal and Compliance Department, Financial Management Department, Capital Management Headquarters, Audit Headquarters and Disciplinary Inspection Committee are responsible for monitoring and managing various risks.

Each subsidiary establishes its own risk management framework, policies, IT system and risk control indicator system according to the risk appetite and framework of the Company and the Company’s requirement on comprehensive risk management for its subsidiaries. It has to ensure consistency and effectiveness of overall risk management, taking into account of factors such as its own capital level, risk tolerance and complexity of business.

57.1 Credit risk

Credit risk is the risk of loss due to failures or inability to fulfil obligations by counterparties, or the downgrade of credit rating of them. The Group’s financial assets exposed to credit risk mainly include advances to customers, accounts receivable, other financial assets, financial assets measured at 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.

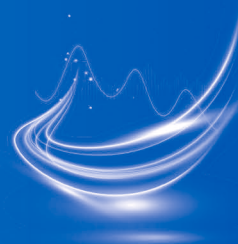
Bank balances of the Group are mainly deposited in state-owned commercial banks or joint-stock commercial banks with good credit rating, and clearing settlement funds are deposited with the China Securities Depository and Clearing Corporation Limited (the “CSDCC”).

For proprietary trading business, counterparties are evaluated and only parties with good credit rating are authorized to trade with.

The Group invests primarily in bonds with rating of AA or above. Therefore, the Group considers the credit exposure of proprietary trading business is not significant.

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(Amounts in thousands of Renminbi, unless otherwise stated)



57. FINANCIAL RISK MANAGEMENT (continued)

57.1 Credit risk (continued)

Margin trading assets consist of advances to customers and securities lent to customers. The main credit risk of these financial assets is customers' failure to repay the principal, interest or securities lent to them. The Group monitors margin trading clients' accounts on an individual customer basis and call for additional margin deposits, cash collateral or securities, whenever necessary. The advances to margin clients are monitored through their collateral ratios, which ensure the value of the pledged assets is sufficient to cover the advances.

The credit risk of the Group also arises from their securities and futures brokerage business. In the case of customers failing to deposit adequate funds, the Group may have to complete trade settlements by using their own funds. To mitigate these credit risks, the Group requires cash deposit of full amounts for all transactions before they settle on behalf of customers.

As at 31 December 2022, other than those financial assets whose carrying amounts represent maximum exposure to credit risks, the Group is also exposed to credit risks arising from security lending and borrowing activities as clients may default on returning securities borrowed. Securities lent to clients may include securities collateral received from other clients under similar lending and borrowing arrangements. Therefore, these securities may not be recognised in the consolidated statement of financial position of the Group. As at 31 December 2022, the total amount of the securities (both the Group's own securities and securities borrowed by the Group) lent to clients was RMB3,681 million (31 December 2021: RMB3,019 million).

The concentration of credit risk is limited due to the counterparty and customer base being large and diversified.

Impairment under the ECLs model

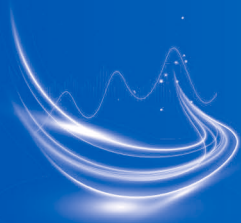
Since 1 January 2018, the Group has recognised a loss allowance for ECLs on financial assets which are subject to impairment under IFRS 9 using the ECLs models, including debt instruments measured at FVTOCI or amortized cost, advances to customers, accounts receivable, other receivables, financial assets 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 ECLs basis, the Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECLs.

In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. The Group uses different criteria to determine whether credit risk has increased significantly per portfolio of assets.



SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

57. FINANCIAL RISK MANAGEMENT (continued)

57.1 Credit risk (continued)

Impairment under the ECLs model (continued)

Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life;
- an actual or expected significant change in the financial instrument's external credit rating;
- an actual or expected internal credit rating downgrade for the borrower;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations;
- an actual or expected significant change in the operating results of the borrower;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- an actual or expected significant change in the quality of credit enhancement; and
- significant changes in the expected performance and behaviour of the borrower.

Internal credit risk ratings

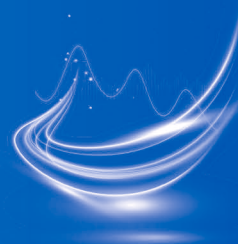
The Group has developed internal credit rating models and functional internal credit rating systems based on the characteristics of different industries and target customer bases, to perform rating for borrowers or bond issuers. The Group gradually apply the internal credit rating results to business 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.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)



57. FINANCIAL RISK MANAGEMENT (continued)

57.1 Credit risk (continued)

Impairment under the ECLs model (continued)

Measurement of ECLs

The measurement of ECLs is a function of the PD, LGD and EAD based on the probability of default approach. The assessment of the PD and LGD is based on historical data adjusted by forward-looking information.

Generally, the ECLs is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

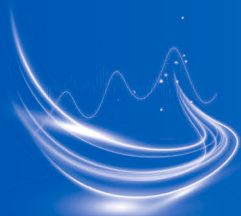
For undrawn loan commitments, the ECLs is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitments draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

The Group measures ECLs considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is a common business practice.

The measurement of ECLs is based on the probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items). In relation to the assessment of whether there has been a significant increase in credit risk it can be necessary to perform the assessment on a collective basis as noted below.

Groupings based on shared risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as instrument type, credit risk grade, collateral type, remaining term to maturity and the value of collateral relative to the financial asset if it has an impact on the probability of a default occurring (loan-to-value ratios). The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.



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(Amounts in thousands of Renminbi, unless otherwise stated)

57. FINANCIAL RISK MANAGEMENT (continued)

57.1 Credit risk (continued)

Impairment under the ECLs model (continued)

Measurement of ECLs (continued)

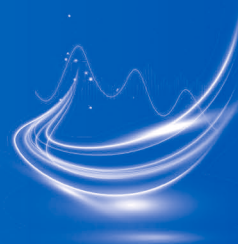
The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

As at 31 December 2022	Notes	12-month or lifetime ECL	Gross carrying amount	ECL
Financial assets held under resale agreements	24	12-month ECL	19,641,104	25,820
		Lifetime ECL (not credit-impaired)	90,240	3,249
		Credit-impaired	753,548	162,426
Debt instruments measured at fair value through other comprehensive income	25	12-month ECL	109,241,168	106,679
		Lifetime ECL (not credit-impaired)	83,795	1,967
		Credit-impaired	–	90,000
Debt instruments measured at amortized cost	27	12-month ECL	2,681,047	5,842
		Lifetime ECL (not credit-impaired)	–	–
		Credit-impaired	81,253	48,539
Advances to customers	31	12-month ECL	81,181,188	123,810
		Lifetime ECL (not credit-impaired)	3,315,761	49,433
		Credit-impaired	94,778	89,168
Other financial assets measured at amortized cost*		12-month ECL	186,981,953	88,670
		Lifetime ECL (not credit-impaired)	521,667	96,459
		Credit-impaired	764,633	725,260
Total			405,432,135	1,617,322

* 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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(Amounts in thousands of Renminbi, unless otherwise stated)



57. FINANCIAL RISK MANAGEMENT (continued)

57.1 Credit risk (continued)

Impairment under the ECLs model (continued)

Measurement of ECLs (continued)

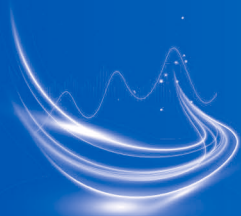
The following tables show the reconciliation of loss allowances that have been recognised:

- (1) Loss allowances for financial assets held under resale agreements

	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
As at 1 January 2022	19,365	–	403,912	423,277
Changes due to financial instruments recognised as at 1 January:				
– Increase	–	148	299	447
– Decrease	(447)	–	–	(447)
– Impairment losses recognised	2,208	3,101	28,686	33,995
– Impairment losses reversed	(15,409)	–	(270,683)	(286,092)
New financial assets purchased	20,028	–	–	20,028
Exchange difference and others	75	–	212	287
As at 31 December 2022	25,820	3,249	162,426	191,495

- (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 2022	90,434	2,056	87,597	180,087
Changes due to financial instruments recognised as at 1 January:				
– Impairment losses recognised	1,758	870	2,403	5,031
– Impairment losses reversed	(52,832)	(959)	–	(53,791)
New financial assets purchased	67,319	–	–	67,319
As at 31 December 2022	106,679	1,967	90,000	198,646



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(Amounts in thousands of Renminbi, unless otherwise stated)

57. FINANCIAL RISK MANAGEMENT (continued)

57.1 Credit risk (continued)

Impairment under the ECLs model (continued)

Measurement of ECLs (continued)

(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 2022	8,537	–	91,945	100,482
Changes due to financial instruments recognised as at 1 January:				
– Impairment losses recognised	1,383	–	10,323	11,706
– Impairment losses reversed	(4,333)	–	(53,729)	(58,062)
New financial assets purchased	66	–	–	66
Exchange difference and others	189	–	–	189
As at 31 December 2022	5,842	–	48,539	54,381

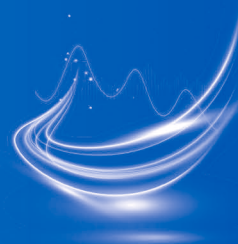
(4) Loss allowances for advances to customers

	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
As at 1 January 2022	131,465	550	69,130	201,145
Changes due to financial instruments recognised as at 1 January:				
– Transfers between stages				
– Increase	30	5,408	17	5,455
– Decrease	(5,425)	(30)	–	(5,455)
– Impairment losses recognised	100,879	9,359	13,098	123,336
– Impairment losses reversed	(111,761)	(6,790)	(2,204)	(120,755)
New financial assets purchased	8,610	40,887	–	49,497
Exchange difference and others	12	49	9,127	9,188
As at 31 December 2022	123,810	49,433	89,168	262,411

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 RMB173 million for the year ended 31 December 2022.

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(Amounts in thousands of Renminbi, unless otherwise stated)



57. FINANCIAL RISK MANAGEMENT (continued)

57.1 Credit risk (continued)

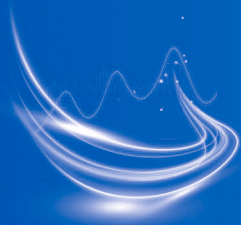
Impairment under the ECLs model (continued)

Measurement of ECLs (continued)

- (5) Loss allowances for other financial assets measured at amortized cost

	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
As at 1 January 2022	109,141	13,380	422,302	544,823
Changes due to financial instruments recognised as at 1 January:				
– Transfers between stages				
– Increase	–	–	1,863	1,863
– Decrease	(1,823)	(40)	–	(1,863)
– Impairment losses recognised	4,960	86,295	127,475	218,730
– Impairment losses reversed	(95,351)	(7,261)	(46,007)	(148,619)
New financial assets purchased	69,822	578	220,114	290,514
Exchange difference and others	1,921	3,507	(487)	4,941
As at 31 December 2022	88,670	96,459	725,260	910,389

The most significant movements of loss allowance for other financial assets measured at amortized cost during the year arose from impairment losses recognised as a result of deterioration of credit quality of these financial assets.



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(Amounts in thousands of Renminbi, unless otherwise stated)

57. FINANCIAL RISK MANAGEMENT (continued)

57.1 Credit risk (continued)

Impairment under the ECLs model (continued)

Measurement of ECLs (continued)

The tables below summarize the Group's investments in bonds by their external credit rating.

External credit rating	As at 31 December 2022	As at 31 December 2021
Domestic bonds		
China's Sovereign Credit	114,672,460	72,482,152
AAA	47,577,682	46,245,657
AA+	8,584,998	8,365,204
AA	1,753,078	3,477,436
AA-	464,135	282,629
Under AA-	557,746	81,835
A-1	-	122,892
Not rated	27,100,098	15,544,625
Subtotal	200,710,197	146,602,430
Offshore bonds		
Other Countries' Sovereign Credit	20,207	1,145,615
A	137,448	146,520
B	1,493,925	997,154
Not rated	1,511,970	1,363,260
Subtotal	3,163,550	3,652,549
Total	203,873,747	150,254,979

Note: China's Sovereign Credit represents the credit rating of Chinese government bonds. The credit ratings of offshore bonds use the lowest ratings of the ones given by Moody's, Standard & Poor's and Fitch, if available; or otherwise shown as "not rated".

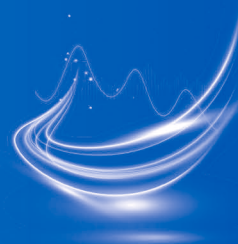
57.2 Market risk

Market risk is the risk of loss arising from adverse change in fair value or movement in cash flows in respect of financial instruments, due to interest rate risk, currency risk or price risk.

Within the scope of risk partiality, the Group formulates market risk 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.

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57. FINANCIAL RISK MANAGEMENT (continued)

57.2 Market risk (continued)

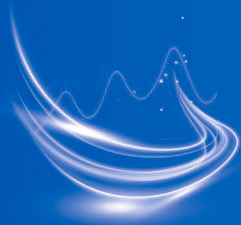
The Risk Management Headquarters, which is independent of the business department, is the centralized department of market risk management. It identifies, evaluates, monitors and reports the market risks faced by its own funds participating in business and products, and independently evaluates and verifies the valuation methods and risk measurement models of financial instruments used in the process of business development. The Risk Management Headquarters monitors the implementation of risk authorization of the business department, reveals the risks on a timely basis, 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 party in charge of market risk management. According to the market risk monitoring results, they select the market risk hedging and risk mitigation strategies suitable for risk preference, mainly including risk dispersion and risk hedging, and actively transfers, controls and reduces market risk. Giving feedback about the market risk management status of the Department to the Risk Management Headquarters regularly or irregularly.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The securities price risk of the Group was mainly derived from the positions held in businesses such as proprietary investment, and market making business. In order to control risks effectively, the Group mainly adopted the following measures. Firstly, by creating securities investment portfolios, the Group made use of financial derivatives to carry out effective risk hedging. Secondly, the risk exposures of the Group's positions were managed on an unified basis. Through the defensive lines of the internal risk division of the business department and the Risk Management Headquarters, the Group implemented measures including independent risk monitoring, analysis and reporting to discover and handle risks in a timely manner. Thirdly, the Company implemented the market risk limit management mechanism to control the size of risk exposures, risk concentration, loss limits and other indicators, and made irregular adjustments so as to cope with the ever-changing market risks, business conditions or risk tolerance level of the Company. Fourthly, the Group adopted quantitative means such as Value at Risk ("VaR") and combined with other methods such as scenario analysis and stress test to assess the relative and absolute risks of the portfolios.

The Company, Galaxy International, which takes a great market risk adopts "VaR" as the risk evaluation tool for measuring the market risk of the entire securities investment portfolio which comprises various financial instruments, and utilise stress testing as an effective supplement to the VaR analysis. VaR analysis is a statistical technique that estimates the potential maximum losses that could occur on risk positions due to movements in interest rates, stock prices or currency rates over a specified time period and at a given level of confidence.



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(Amounts in thousands of Renminbi, unless otherwise stated)

57. FINANCIAL RISK MANAGEMENT (continued)

57.2 Market risk (continued)

Price risk (continued)

The analysis of the Company's VaR (confidence level of 95% and a holding period of one trading day) by types of risks is as follows:

		2022			
The Company	2022/12/31	Average	Lowest	Highest	
VaR of equity price	55,379	60,436	20,292	197,346	
VaR of interest rate	158,527	102,115	44,649	228,472	
VaR of commodity price	8,233	6,873	1,688	14,335	
Total portfolio VaR	171,659	133,000	67,939	256,613	

		2021			
The Company	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	

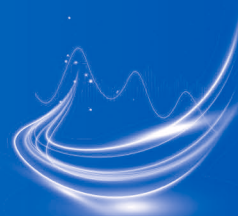
Interest rate risk

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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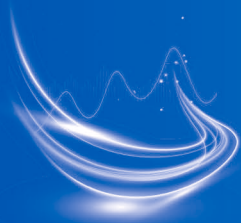
57. FINANCIAL RISK MANAGEMENT (continued)

57.2 Market risk (continued)

Interest rate risk (continued)

As at 31 December 2022

	Less than 1 year	More than 1 but less than 3 years	More than 3 but less than 5 years	More than 5 years	Total
Financial assets					
Advances to customers	84,219,550	109,766	–	–	84,329,316
Debt instruments measured at fair value through other comprehensive income	968	–	–	109,323,995	109,324,963
Debt instruments measured at amortized cost	409,322	1,750,392	155,341	392,864	2,707,919
Financial assets held under resale agreements	9,704,078	10,589,319	–	–	20,293,397
Financial assets measured at fair value through profit or loss	15,010,003	32,043,054	17,349,628	28,555,874	92,958,559
Clearing settlement funds	39,811,103	–	–	–	39,811,103
Bank balances	88,275,187	27,720,000	–	–	115,995,187
Subtotal	237,430,211	72,212,531	17,504,969	138,272,733	465,420,444
Financial liabilities					
Bonds payable	30,886,076	46,771,803	10,891,878	6,876,036	95,425,793
Due to banks and other financial institutions	27,423,638	–	–	–	27,423,638
Debt instruments	29,305,088	294,781	–	–	29,599,869
Accounts payable to brokerage clients	129,645,925	–	–	–	129,645,925
Financial assets sold under repurchase agreements	158,495,396	–	–	–	158,495,396
Other financial liabilities	301,263	–	–	209,790	511,053
Subtotal	376,057,386	47,066,584	10,891,878	7,085,826	441,101,674
Net interest-bearing position	(138,627,175)	25,145,947	6,613,091	131,186,907	24,318,770



SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

57. FINANCIAL RISK MANAGEMENT (continued)

57.2 Market risk (continued)

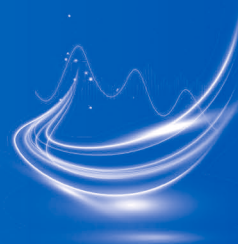
Interest rate risk (continued)

As at 31 December 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 instrument 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)



57. FINANCIAL RISK MANAGEMENT (continued)

57.2 Market risk (continued)

Interest rate risk (continued)

Sensitivity analysis

The Group uses sensitivity analysis as the main tool to monitor interest rate risk, and measures the impact on the Group's total profit and other comprehensive income without considering the impact of corporate income tax, when the interest rate changes reasonably and possibly under the assumption that other variables remain unchanged as follows:

	2022	2021
Profit before income tax for the year		
Increase by 100 basis points	(1,771,261)	(1,749,308)
Decrease by 100 basis points	1,771,261	1,749,308

	2022	2021
Other comprehensive income before income tax		
Increase by 100 basis points	(5,876,687)	(3,778,170)
Decrease by 100 basis points	5,876,687	3,778,170

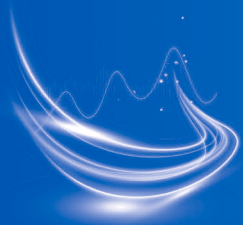
The influence on the total profit refers to the influence of certain changes in the interest rate in the middle of the next year on the net interest-generating position interest income and the changes in the fair value after the revaluation of the trading financial assets and trading financial liabilities held at the end of the year.

The influence on other comprehensive income refers to the influence of the changes in the fair value of other debt investments held at the end of the period based on the revaluation when a certain interest rate changes.

The above sensitivity analysis assumes that the rates of return on assets and liabilities of each maturity move up or down in parallel, so it does not reflect the possible impact for the scenario when only interest rate changes while the remaining interest rate remains unchanged. The forecast is also based on other simplified assumptions, including all positions being held to maturity.

This assumption does not represent the Group's policy on the use of funds and the management of interest rate risk, so the effects above may differ from the actual situation.

Moreover, the above analysis of the impact of interest rate changes is only an example to show the estimated changes in total profit and other comprehensive income under various projected income scenarios and the current interest rate risk profile of the Group. However, this effect does not take into account the risk management activities that management may take to manage interest rate risk.



SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

57. FINANCIAL RISK MANAGEMENT (continued)

57.2 Market risk (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates.

The Group's currency risk primarily relates to the Group's operating activities whose settlements and payments are denominated in foreign currencies which are different from the respective group entities' functional currencies.

The foreign currency assets and liabilities held by the Group are not material compared to the total assets and liabilities. In terms of the Group's revenue structure, the majority of the business transactions are denominated in RMB, and the proportion of foreign currency transactions is not significant to the Group. The Group considers that the currency risk of the Group's operations is immaterial due to the relatively low proportion of the Group's foreign currency denominated assets, liabilities, income and expense, as compared to the Group's total assets, liabilities, income and expenses. The currency risk of the Group's business is not significant.

57.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities due to shortages of capital or funds. During the normal course of business, the Group may face liquidity risk caused by macroeconomic policy change, market fluctuations, poor operations, credit downgrades, mismatch of assets and liabilities, low turnover rate of assets, underwriting on a firm commitment basis, significant proprietary trading position, or any significant illiquid long-term investments. If the Group fails to address any liquidity risk by adjusting the asset structure or comply with regulatory requirements on certain risk indicators, the Group could be penalized by the regulatory authority, which could cause adverse impacts to the Group's operations and reputations.

The measures of the Group's liquidity risk management mainly include:

- (1) Establishing a centralized fund management mechanism and an effective fund regulation mechanism

To cope with and manage liquidity risk effectively, the Company has strengthened monitoring and management over fund transfers of significant amounts in order to achieve centralized fund allocation and coordinated liquidity risk management: incorporated debt financing and leverage ratios into risk 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) Establishing a stable liquidity risk management report system

The Group prepares different financing plans for different periods, and reports on the implementation of financing plans to reflect the management of liquidity risk.

- (3) Increasing working capital and liquidity by issuing shares and corporate bonds

The Group increases its working capital and liquidity by issuing shares, corporate bonds, debt instruments, and by transferring of rights and interests in margin loans to support the development of margin financing and other businesses.

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(Amounts in thousands of Renminbi, unless otherwise stated)



58. FAIR VALUE OF FINANCIAL INSTRUMENTS

58.1 Fair value of the Group's financial assets and financial liabilities that are not measured at fair value

The carrying amounts of the Group's financial assets and financial liabilities not measured at fair value approximated to their fair values as at 31 December 2022 and 31 December 2021 except for the following financial assets and financial liabilities, for which their carrying amounts including accrued interest and fair value are disclosed below:

	As at 31 December 2022	
	Carrying amounts	Fair value
Non-current		
Bonds payable	64,539,717	66,702,918
Debt instruments	294,781	294,792
Financial assets held under resale agreements	11,179,306	11,330,934
Debt instruments measured at amortized cost	2,293,041	2,355,556
	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

Fair values of these financial instruments are determined by contractual cash flows discounted by observable yield curves.

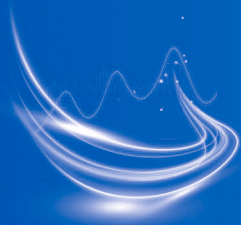
58.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting periods. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Level 1 to 3) based on the degree to which the inputs to the fair value measurements are observable and the significance.

Level 1 Fair value measurements are those derived from quoted prices (unadjusted in active markets for identical assets or liabilities);

Level 2 Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).



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(Amounts in thousands of Renminbi, unless otherwise stated)

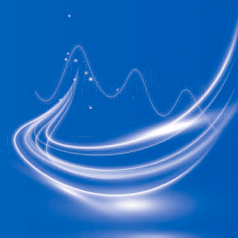
58. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

58.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

As at 31 December 2022	Level1	Level2	Level3	Total
Financial assets:				
Debt instrument measured at FVTOCI:	31,857,485	77,467,478	–	109,324,963
– Debt securities	31,857,485	77,466,510	–	109,323,995
– Others	–	968	–	968
Equity instruments measured at FVTOCI:	22,781,576	15,613,307	134	38,395,017
– Perpetual bonds	19,486,784	15,613,307	–	35,100,091
– Other investments	–	–	134	134
– Equity securities	3,294,792	–	–	3,294,792
Financial assets measured at FVTPL:	48,718,404	115,417,739	7,786,636	171,922,779
– Debt securities	18,696,067	71,030,464	2,489,388	92,215,919
– Equity securities	11,783,531	44,562	2,928,199	14,756,292
– Funds	14,205,448	16,718,915	–	30,924,363
– Asset management plan	–	3,199,507	–	3,199,507
– Structured deposits and wealth management products	–	543,574	–	543,574
– Trust schemes	–	538,271	–	538,271
– Other investments	4,033,358	23,342,446	2,369,049	29,744,853
Derivative financial assets	231,160	772,805	1,626,568	2,630,533
Total	103,588,625	209,271,329	9,413,338	322,273,292
Financial liabilities:				
Financial liabilities held for trading:	245,896	12,520,806	–	12,766,702
– Debt securities	–	12,520,806	–	12,520,806
– Equity securities	245,896	–	–	245,896
Financial liabilities designated as at fair value through profit or loss:	998,066	18,656,308	1,216,719	20,871,093
– Structured products embedded with equity swaps	639,531	–	–	639,531
– Equity-linked Financing payables	358,535	16,665,359	–	17,023,894
– Gold-linked Financing payables	–	1,990,949	–	1,990,949
– Others	–	–	1,216,719	1,216,719
Derivative financial liabilities	988,954	518,059	1,090,847	2,597,860
Total	2,232,916	31,695,173	2,307,566	36,235,655

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(Amounts in thousands of Renminbi, unless otherwise stated)



58. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

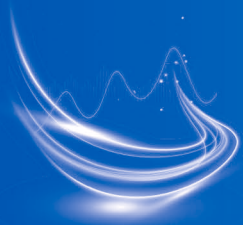
58.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

As at 31 December 2021	Level1	Level2	Level3	Total
Financial assets:				
Debt instrument 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
– Other 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

There were no significant transfers between Level 1 and 2 during years ended 31 December 2022 and 2021.

58.2.1 Basis for recurring fair value measurement categorised within Level 1

For the measurement for Level 1, the Group adopts the closing price in active markets. Instruments included in Level 1 comprise primary debt securities, equity securities, funds and other investments traded on stock exchanges.



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58. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

58.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

58.2.2 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 are used.

For equity-linked financing payables designated as at fair value through profit or loss, the fair value is determined based on the bid prices of stock index in an active market.

For derivative financial instruments, the fair value is determined by different valuation techniques. For interest rate swaps, equity return swaps and currency forward, the fair value is measured by discounting the differences between the contract prices and market prices of the underlying financial instruments.

During the year ended 31 December 2022, there were no significant changes of valuation techniques for Level 2.

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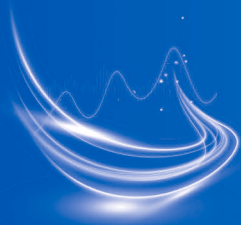
58. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

58.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

58.2.3 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 2022	As at 31 December 2021	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Financial assets				
Financial assets measured at FVTPL:				
– Bonds	2,489,388	956,492	Discounted cash flows with future cash flows that are estimated based on contract terms, discounted at a rate that reflects the credit risk of investment targets.	Discount rate (Note 2)
– Equity securities traded on National Equities Exchange and Quotations	26,292	269,476	Use of comparable company approach, with an adjustment of discount for lack of marketability.	Marketability discount (Note 3)
– Equity securities traded on stock exchanges with lock- up periods	2,901,907	10,105,479	Market quotes based on the option pricing model taking into account the liquidity discount adjustment.	Volatility (Note 1)
– Other investments	116,287	332,664	Market quotes based on the option pricing model taking into account the liquidity discount adjustment.	Volatility (Note 1)
– Other investments	377,123	59,796	Discounted cash flow with future cash flows that are estimated based on contract terms, discounted at a rate that reflects the credit risk of investment targets.	Discount rate (Note 2)
– Other investments	1,875,639	1,166,442	Determined by reference to the quoted market prices or using comparable company approach, with an adjustment of discount for lack of marketability.	Marketability discount (Note 3)
Equity instruments measured at FVTOCI:				
– Equity investments	134	128	Valuation using multiples, with an adjustment of discount for lack of marketability.	Marketability discount (Note 3)



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(Amounts in thousands of Renminbi, unless otherwise stated)

58. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

58.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

58.2.3 Valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 3 (continued)

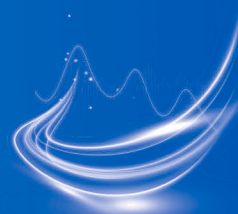
	As at 31 December 2022	As at 31 December 2021	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Derivative financial instruments:				
– Over-the-counter options- assets	1,478,645	309,168	Calculated based on the option pricing model.	Volatility (Note 1)
– Other forward contract- assets	147,923	46,773	Discounted cash flows with future cash flows that are estimated based on contract terms, discounted at a rate that reflects the credit risk of investment targets.	Discount rate (Note 2)
Total	9,413,338	13,246,418		
Financial liabilities				
Derivative financial instruments:				
– Over-the-counter options- liabilities	1,079,636	1,975,477	Calculated based on the option pricing model.	Volatility (Note 1)
– Forward contract-liabilities	11,211	121,888	Discounted cash flows with future cash flows that are estimated based on contract terms, discounted at a rate that reflects the credit risk of investment targets.	Discount rate (Note 2)
Financial liabilities measured at FVTPL:				
– Others	1,216,719	1,219,505	Discounted cash flows with future cash flows that are estimated based on contract terms, discounted at a rate that reflects the credit risk of investment targets.	Discount rate (Note 2)
Total	2,307,566	3,316,870		

Notes:

- (1) The significant unobservable input to fair value measurement is the volatility of the underlying securities, which ranges from 5% to 81.77% (31 December 2021: 5% to 192%).
- (2) The unobservable input to fair value is the discount rate, determined by reference to the credit risk of underlying investments, ranging from 0.70% to 99.99% (31 December 2021: 2.50% to 100%). 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% to 80.89% (31 December 2021: 20.70% to 88%). The higher is the discount for lack of marketability, the lower is the fair value.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

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58. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

58.3 Reconciliation of Level 3 fair value measurements

	Financial assets measured at fair value through profit or loss	Equity instruments measured at fair value through other comprehensive income
As at 1 January 2022	12,890,349	128
Total gain or losses:		
– in profit or loss	(3,318,599)	–
– in other comprehensive income	–	6
Purchases	5,244,066	–
Transfers out (Note)	(7,029,180)	–
As at 31 December 2022	7,786,636	134
Total gains for assets held at 31 December 2022		
– unrealized gains recognised in profit or loss	86,270	–

	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 recognised in profit or loss	1,755,661	–

Note: These are equity securities traded on stock exchanges with lock-up periods or asset management schemes which hold listed shares with lock-up periods. They were transferred from Level 3 to Level 1 when the lock-up period lapsed and became unrestricted.



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59. EVENTS AFTER THE END OF THE REPORTING PERIOD

Proposed profit distribution after the reporting period

On 29 March 2023, a final dividend in respect of the year ended 31 December 2022 of RMB2.30 per 10 shares (inclusive of tax), in an aggregate amount of RMB2,331.57 million, based on a total of 10,137,279,676 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 Non-public corporate bonds

Subsequent to the end of reporting period, the Company has completed the phase 1 non-publicly issuance of corporate bond of RMB1,000 million (Tranche 1) and RMB3,000 million (Tranche 2) in February 2023. These bonds bear interest rates at 3.09%-3.28% per annum and the terms are from 2 years to 3 years. The Company has completed the phase 2 non-publicly issuance of corporate bond of RMB1,000 million (Tranche 1) and RMB3,200 million (Tranche 2) in March 2023. These bonds bear interest rates at 3.25%-3.35% per annum and the terms are from 2 years to 3 years. Proceeds from the issue will be used to repay the matured corporate bonds.

Issuance of subordinated corporate bonds

Subsequent to the end of reporting period, the Company has completed the public issuance of subordinated corporate bonds of RMB2,500 million (Tranche 1) in January 2023. These bonds bear interest rates at 3.58% per annum and the terms are 2 years. Proceeds from the issue will be used to increase working capital of the Company.

Increase registered capital of the subsidiary

On 5 January 2023, the Company injected an additional capital of RMB 1 billion, to Yinhe Yuanhui, a subsidiary of the Company, all in cash. On 16 January 2023, the registered capital of Yinhe Yuanhui increased from RMB3 billion to RMB5 billion.

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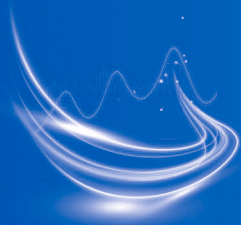


60. INVESTMENT IN SUBSIDIARIES

60.1 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	Place of operation	Type of legal entity registered under PRC Law	Place of Equity interest and voting right held by the Group		Paid-up capital/ registered share capital (RMB) unless otherwise stated	Principal activities
				31/12/2022	31/12/2021		
Galaxy Capital Management Company Limited (銀河創新資本管理有限公司)*	Beijing	Beijing	Limited liability company (corporate owned)	100.00%	100.00%	1,000,000,000	Assets management, project investment management
China Galaxy International Financial Holdings Limited	Hong Kong	Hong Kong	N/A	100.00%	100.00%	HKD7,000,000,000	Investment holding
Galaxy Futures Company Limited (銀河期貨有限公司)*	Beijing	Beijing	Limited liability company (corporate owned)	100.00%	100.00%	4,500,000,000	Commodity futures broking, financial futures broking, futures investment consulting, assets management, fund sales
Galaxy Jinhui Securities Assets Management Co., Ltd. (銀河金匯證券資產管理有限公司)*	Shenzhen	Shenzhen	Limited liability company (corporate owned)	100.00%	100.00%	1,000,000,000	Securities asset
Galaxy Yuanhui Investment Co., Ltd. (銀河源匯投資有限公司)*	Shanghai	Shanghai	Limited liability company (corporate owned)	100.00%	100.00%	3,000,000,000	Alternative investment
China Galaxy International Futures (Hong Kong) Co., Limited*	Hong Kong	Hong Kong	N/A	100.00%	100.00%	HKD72,000,000	Futures contracts dealing
China Galaxy International Securities (Hong Kong) Co., Limited*	Hong Kong	Hong Kong	N/A	100.00%	100.00%	HKD1,400,000,000	Securities broking, advising on and corporate finance



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60. INVESTMENT IN SUBSIDIARIES (continued)

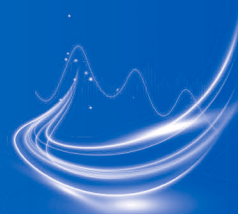
60.1 General information of subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment	Place of operation	Type of legal entity registered under PRC Law	Place of Equity interest and voting right held by the Group		Paid-up capital/ registered share capital (RMB) unless otherwise stated	incorporation/ establishment
				31/12/2022	31/12/2021		
China Galaxy International Investment Co., Limited	Hong Kong	Hong Kong	N/A	100.00%	100.00%	HKD1,000,000	Investment
China Galaxy International Asset Management (Hong Kong) Co., Limited*	Hong Kong	Hong Kong	N/A	100.00%	100.00%	HKD20,000,000	Asset management
China Galaxy International Financial Products Limited	Hong Kong	Hong Kong	N/A	100.00%	100.00%	HKD500,000	Insurance brokerage service and wealth management
Galaxy Yueke PE Fund Management Co., Ltd (銀河粵科私募基金管理有限公司)*	Guangzhou	Guangzhou	Limited liability company (Equity joint venture)	51.00%	51.00%	20,000,000	Investment fund management
CGS-CIMB Securities International Pte. Ltd (銀河-聯昌證券國際私人有限公司)*	Singapore	Singapore	N/A	74.99%	74.99%	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	Shanghai	Limited liability company (corporate owned)	100.00%	100.00%	2,000,000,000	Assets and investment
CGS-CIMB Holdings Sdn. Bhd (銀河-聯昌控股私人有限公司)*	Malaysia	Malaysia	N/A	75%	75%	MYR1,600,000,000	Investing holding

* These subsidiaries do not have official English names.

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

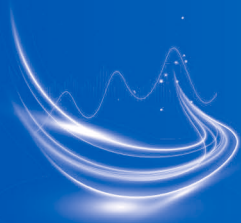
(Amounts in thousands of Renminbi, unless otherwise stated)



61. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) The Company's statement of financial position

	Note	As at 31 December	
		2022	2021
ASSETS			
Non-current assets			
Property and equipment		567,811	420,499
Right-of-use assets		1,418,663	1,266,317
Goodwill		223,278	223,278
Other intangible assets		566,867	518,509
Investments in subsidiaries		15,283,209	11,366,244
Financial assets measured at fair value through profit or loss		29,510,618	30,716,834
Financial assets held under resale agreements		11,179,306	13,013,004
Debt instruments measured at fair value through other comprehensive income		83,795	82,300
Equity instruments measured at fair value through other comprehensive income		38,355,796	34,684,475
Debt instruments measured at amortized cost		1,637,517	3,362,929
Deposits with exchanges and non-bank financial institutions		973,212	713,034
Other receivables and prepayments		1,154,125	1,154,126
Deferred tax assets		157,726	
Total non-current assets		101,111,923	97,521,549
Current assets			
Advances to customers		78,352,673	93,188,856
Accounts receivable		96,674	204,583
Tax recoverable		781,185	772,697
Other receivables and prepayments		3,426,740	4,067,571
Amounts due from subsidiaries		5,964,094	5,777,139
Financial assets measured at fair value through profit or loss		121,217,208	85,996,723
Financial assets held under resale agreements		8,846,280	8,593,163
Debt instruments measured at fair value through other comprehensive income		109,241,168	81,150,619
Debt instruments measured at amortized cost		186,036	233,238
Derivative financial assets		1,875,112	1,659,477
Deposits with exchanges and non-bank financial institutions		4,086,297	1,283,966
Clearing settlement funds		29,797,131	23,661,120
Bank balances		72,833,798	69,248,531
Total current assets		436,704,396	375,837,683
Total assets		537,816,319	473,359,232



SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

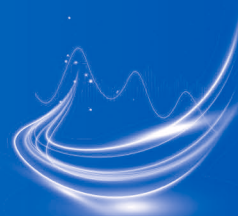
61. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

(a) The Company's statement of financial position

	Note	As at 31 December	
		2022	2021
EQUITY AND LIABILITIES			
Equity			
Share capital	61(b)	10,137,280	10,137,259
Other equity instruments	61(b)	15,935,691	14,885,851
Reserves	61(b)	47,832,428	46,817,538
Retained profits	61(b)	25,337,710	24,380,348
Total equity		99,243,109	96,220,996
Liabilities			
Non-current liabilities			
Bonds payable		64,539,717	57,577,817
Debt instruments		294,781	30,951,389
Financial liabilities measured at fair value through profit or loss		6,270,508	6,175,669
Lease liabilities		1,024,362	921,560
Deferred tax liabilities		–	946,735
Total non-current liabilities		72,129,368	96,573,170
Current liabilities			
Bonds payable		30,886,076	26,654,298
Due to banks and other financial institutions		19,033,264	16,127,940
Debt instruments		29,305,088	198,436
Accounts payable to brokerage clients		81,411,762	78,597,550
Accrued staff costs		4,628,683	3,937,706
Other payables and accruals		15,478,207	9,608,370
Lease liabilities		411,225	340,532
Financial liabilities measured at fair value through profit or loss		25,411,237	8,344,381
Derivative financial liabilities		2,543,722	3,051,763
Financial assets sold under repurchase agreements		157,334,578	133,704,090
Total current liabilities		366,443,842	280,565,066
Total liabilities		438,573,210	377,138,236
Total equity and liabilities		537,816,319	473,359,232

SECTION XI CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi, unless otherwise stated)

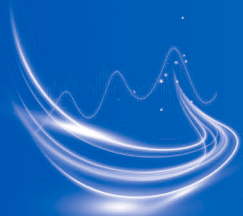


61. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

(b) Movement in the Company's reserves

The movements in share capital, reserves and retained profits of the Company are set out below:

	Share capital	Other equity instruments	Capital reserves	Investment revaluation reserve	General reserves	Other reserves	Retained profits	Total equity
At 1 January 2021	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 income 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)
Dividends 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
Profit for the year	-	-	-	-	-	-	7,394,724	7,394,724
Other comprehensive expense for the year	-	-	-	(1,578,250)	-	(18,353)	-	(1,596,603)
Total comprehensive income/ (expense) for the year	-	-	-	(1,578,250)	-	(18,353)	7,394,724	5,798,121
Appropriation to general reserves	-	-	-	-	2,174,762	-	(2,174,762)	-
Issue of perpetual bonds and convertible bonds	21	1,049,840	181	-	-	-	-	1,050,042
Acquisition of minority shareholders' equity	-	-	-	-	-	-	-	-
Other comprehensive income that has been reclassified to retained profits	-	-	-	436,550	-	-	(436,550)	-
Distribution to other equity instrument holders	-	-	-	-	-	-	(683,500)	(683,500)
Dividend declared	-	-	-	-	-	-	(3,142,550)	(3,142,550)
At 31 December 2022	10,137,280	15,935,691	25,007,089	(17,631)	22,921,518	(78,548)	25,337,710	99,243,109



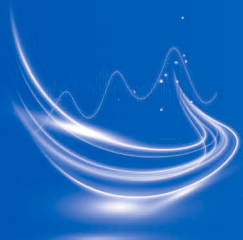
APPENDIX INFORMATION ON SECURITIES BRANCHES

No.	Name	Securities Branch Address	Person In Charge
1	Beijing Financial Street Securities Branch	3-5/F, No. 111 Taiping Bridge Avenue, Xicheng District, Beijing	Zhao Hongliang
2	Beijing Wangjing Securities Branch	2/F, No. 12 East Futong Avenue, Chaoyang District, Beijing	Wu Di
3	Beijing Taoran Qiao Securities Branch	Room 901-906, 9/F, No. 1 Majiabao Road, Dongcheng District, Beijing	Guo Yu
4	Beijing South Xueyuan Road Securities Branch	Rooms 201, 202, 205, 206, 209, 210, 220, 224, 225, 227 and 228, 2/F, and Rooms 401 and 402, 4/F, Building 2, No. 34 South Xueyuan Road, Haidian District, Beijing	Zhao Xinhua
5	Beijing Anzhengmen Securities Branch	No. 1102, 11/F, 1-3, No. 33 Anding Road, Chaoyang District, Beijing	Cao Yanxia
6	Beijing Zhushikou Street Securities Branch	Room 110, 1/F, and Rooms 608 and 609, 6/F, No. 2 East Zhushikou Street, Dongcheng District, Beijing	Li Weimin
7	Beijing Zhongguancun Avenue Securities Branch	03-3D Tower D, Building 1-4, Yard A18, South Zhongguancun Avenue, Haidian District, Beijing	Song Yushan
8	Beijing Sun Palace Securities Branch	No. 10, 2/F, Building 11, Xijiaiyuan, Chaoyang District, Beijing	Ai Haifeng
9	Beijing Fucheng Avenue Securities Branch	1, 3 and 4/F, Yindu Building, No. 67 Fucheng Avenue, Haidian District, Beijing	Ma Junming
10	Beijing North Chaoyangmen Avenue Securities Branch	Unit F-03, 1/F, and Unit 06, 5/F, Block B, No. 5 North Changyangmen Avenue, Dongcheng District, Beijing	Wang Xiaojing
11	Beijing Jianguo Road Securities Branch	North, Hall of 1/F, Building 1, No. 126 Jianguo Road, Chaoyang District, Beijing	Liu Yanhong
12	Beijing North Fourth Ring Securities Branch	Room 101, 1/F, No. 265 North Fourth Ring Middle Road, Haidian District, Beijing	Liu Xijin
13	Beijing Shuangjing Securities Branch	Unit 01, 1/F and 5/F, 101, 1-7/F, Building 2, Yard 39, Guangqu Road, Chaoyang District, Beijing	Cao Meng
14	Beijing Yizhuang Securities Branch	Room 103, 1/F, Building 1, Yard 5, Middle Ronghua Road, Beijing Economic and Technological Development Zone, Beijing	Wang Jinzhu
15	Beijing Workers' Sports Complex Securities Branch	Room 103, 1/F and Room 123, 3/F, Building 2, No. 18 East Gongti Road, Chaoyang District, Beijing	Lu Zhen
16	Beijing Tongzhou Jiukeshu Securities Branch	1/F and 2/F, No. 100 Jiukeshu Street, Tongzhou District, Beijing	Xu Qiang
17	Beijing Dawang Road Securities Branch	121, 1/F, Building 4, Yard 93, Jianguo Road, Chaoyang District, Beijing	Wu Nan
18	Beijing Laiguangying Securities Branch	Unit 201, 2/F, Block 2, Chengying Center, Yard 5, West Laiguangying Road, Chaoyang District, Beijing	Tian Zhilu
19	Beijing Chaoyang Road Securities Branch	Room 305, 3/F, No. 100 Balizhuang Xili, Chaoyang District, Beijing	Lai Zhenghe
20	Beijing Lize Securities Branch	102A, 1/F, 101, 4-22/F, Building 1, No. 8 West Jinze Road, Fengtai District, Beijing	Hou Zhishan
21	Beijing Houshayu Securities Branch	Room 107-108, 1/F, Block 9, Yard 20, Yuqing Road, Houshayu Town, Shunyi District, Beijing	Zhou Chunmei
22	Beijing Litong Road Securities Branch	Room 15-3, 1/F, Block 15, Yard 1, Jinfang Road, Chaoyang District, Beijing	Shao Jiangbo
23	Beijing Fengke Road Securities Branch	Room 106, 1-2/F, Block 4, Yard 2, Liuquan Road, Fengtai District, Beijing	Li Qiang
24	Beijing Caishikou Street Securities Branch	Room 125, 1-2/F, Block 2, Yard A2, Caishikou Street, Xicheng District, Beijing	Jiao Jian

APPENDIX INFORMATION ON SECURITIES BRANCHES



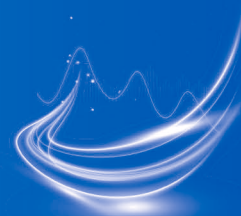
No.	Name	Securities Branch Address	Person In Charge
25	Beijing Fuwai Street Securities Branch	Area GBC-4 and GBC-6, 1/F, The Presidential Beijing, No. A9 Fuchengmenwai Street, Xicheng District, Beijing	Bai Yunlong
26	Beijing Asian Games Village Securities Branch	No. 104, 1/F, Building 27, Yard 8, East Beichen Road, Chaoyang District, Beijing	Xue Tingyu
27	Beijing Yuanda Road Securities Branch	Room 2B (Block A), Unit 1, 2/F, Building 2 (Jinyuan Times Commercial Center Building 2), Yard 2, East Landianchang Road, Haidian District, Beijing	Guo Mengmeng
28	Beijing Tongzhou Securities Branch	Room 2-6, 1/F, Block 2, Yard 12, South Xinhua Second Street, Tongzhou District, Beijing	Wu Jianhui
29	Beijing Liangmaqiao Road Securities Branch	Room 1113, 11/F, 101, 2-16/F, Block 124, Yard 42, Liangmaqiao Road, Chaoyang District, Beijing	Li Huiwen
30	Beijing Shangdi Securities Branch	Room 04B-C, Block D, 4/F, No. A28 Xinxi 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, 1/F, Building 17, No. 19, Xinghua Street (2nd Section), Daxing District, Beijing	Li Yu
33	Beijing East Fourth Ring South Road Securities Branch	11-12, Ground Floor Commercial Space, Building 16, Yard 7, Zhouzhuang Jiayuan, Shibalidian Township, Chaoyang District, Beijing	Song Bowen
34	Beijing Suzhou Street Securities Branch	Room 2001, 17/F, No. 66 North Fourth Ring West Road, Haidian District, Beijing	Jiao Yuku
35	Beijing Cuilin Road Securities Branch	Units 1505 and 1506, 15/F, 101, 5/F-16/F, Building 1, Yard 1, Xitieying Middle Road, Fengtai District, Beijing	Shi Liansheng
36	Beijing Guanganmen Securities Branch	405, 4/F, Building 7, No. 27 Nanbinhe Road, Xicheng District, Beijing	Zhang Yang
37	Beijing Yonghegong Securities Branch	(Underground) B1-A1, Block A, Innovation Building, No. 11 East Hepingli Street, Dongcheng District, Beijing	Yang Donglin
38	Beijing South Times Garden Road Securities Branch	Room 102, 1/F, Building 1, Yard 19, South Times Garden Road, Shijingshan District, Beijing	Ma Qingshan
39	Beijing Jiugong Securities Branch	107, 1/F, Building 10, Yard 10, Jiuzhong Road, Beijing Economic and Technological Development Area (Daxing), Beijing	Zhong Haiping
40	Beijing Qingnian Road Securities Branch	Room 31608, 16/F, Building 3, Yard 7, Qingnian Road, Chaoyang District, Beijing	Duan Deyi
41	Beijing West Dawang Road Securities Branch	Room 102, 1/F, Building 1, Yard 16, Nanmofang Road, Chaoyang District, Beijing	Zhao Xiaolei
42	Beijing Jishuitan Securities Branch	Room 211, 2/F, No. 3, North Xinjekou Street, Xicheng District, Beijing	Li Zezhong
43	Tianjin Nanmalu Securities Branch	No. 1324, Nanmalu, Nankai District, Tianjin	Chen Chao
44	Tianjin Kaihua Road Securities Branch	No. 3, Kaihua Road, Huayuan Industrial Park, Tianjin Binhai Hi-Tech Industrial Development Area, Tianjin	Liu Jing
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



APPENDIX INFORMATION ON SECURITIES BRANCHES

No.	Name	Securities Branch Address	Person In Charge
47	Shijiazhuang Hongqi Street Securities Branch	No. 98, Hongqi Street, Qiaoxi District, Shijiazhuang City	Jiao Wenli
48	Langfang North Yinhe Road Securities Branch	No. 106, North Yinhe Road, Guangyang District, Langfang City	Li Fanghui
49	Shijiazhuang North Shengli Street Securities Branch	Futian Building, No. 156 North Shengli Street, Zhangan District, Shijiazhuang City	Luo Feng
50	Xingtai Qinghe Securities Branch	No. 17, East Changjiang Street, Qinghe County	Hao Guojing
51	Xingtai North Yejin Road Securities Branch	Shop 208, 209 on 2/F and Shop 109 on 1/F, Building 1, Jinyuan Apartments, No. 229 North Yejin Road, Qiaoxi District, Xingtai City, Hebei Province	Yu Baohua
52	Cangzhou South Yong'an Avenue Securities Branch	Shop 1202, Section 5, Yihewenyuan, West Jiefang Road, Yunhe District, Cangzhou City	Chen Hui
53	Qinhuangdao Securities Branch	No. 181, Jianshe Avenue, Haigang District, Qinhuangdao City	Liu Wei
54	Baoding Middle Qiyi Road Securities Branch	Ground Floor Commercial Space, Building 1, No. 1955 Middle Qiyi Road, Jingxiu District, Baoding City, Hebei Province	Yan Mingyan
55	Zhangjiakou West Changcheng Street Securities Branch	1/F, Ground Floor Commercial Space, No. 6, Block 1-A, New Eastern Visa Fortune Center, West Changcheng Street, High-tech Zone, Zhangjiakou City, Hebei Province	Wang Jing
56	Taiyang West Yingze Bridge Securities Branch	Unit 101 on 1st floor, Unit 201 on 2nd floor, Units 804A, 805 and 806 on 8th floor, Tower A, China Overseas International Center, No. 8 Section 1, Jinci Road, Wanbailin District, Taiyuan City, Shanxi Province	Chen Honghua
57	Taiyuan Nanzhonghuan Street Securities Branch	Room 903-906, 9/F, No. 7 Yari Road, Taiyuan Xuefu Park, Shanxi Transformation and Comprehensive Reform Demonstration Zone	Zhang Jianzhong
58	Taiyuan Taoyuan Securities Branch	5/F, No. 1 South Xinjian Road, Yingze District, Taiyuan City	Zhao Junhua
59	Linfen East Jiefang Road Securities Branch	No. 2 East Jiefang Road, Linfen City	Wang Qiang
60	Houma Kuaibin Street Securities Branch	No. 7 Kuaibin Street, Houma City (former Bank of China Building)	Wang Quanrui
61	Huozhou South Xinjian Road Securities Branch	Shops 59 and 60, Building 11, He Pan Li Jing, South Xinjian Road, Huozhou, Linfen City, Shanxi Province	Dong Xinzheng
62	Yicheng Jiefang Street Securities Branch	1-2/F, Block 6, Zone C2 (Yiheyuan Community), West Jiefang Street, Yicheng County, Shanxi Province	Yang Zhifeng
63	Hongdong East Feihong Street Securities Branch	1-2/F, Buildings 1, 2, 3, Block 7, East Feihong Street (Lu He Jia Yuan), 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	Qixian North Xinjian Road Securities Branch	No. 179 North Xinjian Road, Qi County, Jinzhong City, Shanxi Province (the North side of Library)	Pei Bin
66	Taigu Kangyuan Road Securities Branch	No. 15, Building 20, Huaxing Community, Kangyuan Road, Taigu County, Jinzhong City, Shanxi Province	Song Wei
67	Jiexiu North Xinhua Street Securities Branch	No. 191 North Xinhua Street, Jiexiu City, Jinzhong City, Shanxi Province	Shi Jianhua
68	Jincheng Jingxi Road Securities Branch	Room 6, Residential Building with Ground Floor Commercial Space of Ruiqi Real Estate Development Co., Ltd., East of Jingxi Road, Jincheng City, Shanxi Province	Kong Linli

APPENDIX INFORMATION ON SECURITIES BRANCHES



No.	Name	Securities Branch Address	Person In Charge
69	Xiaoyi Fuqian Street Securities Branch	1-2/F, Changchun Hotel, Fuqian Street, Xiaoyi, Luliang City, Shanxi Province (Storefronts 1 and 2)	Duan Jinggang
70	Yuncheng Hedong Street Securities Branch	Shop 14, 1-2/F, Building 21, Shui An Hua Ting, East Hedong Street, Yanhu District, Yuncheng City, Shanxi Province	Zhang Shaowei
71	Datong South Liuquan Street Securities Branch	No. 348 Liuquan Street, Pingcheng District, Datong City	Ma Juntao
72	Yangquan Baojin Road Securities Branch	No. 14 Commercial Floor, Block 3, Sheng Shi Xin Cheng, Baojin Road, Yangquan Economic and Technological Development Zone, Shanxi Province	Ding Lina
73	Changzhi East Taixhang Street Securities Branch	1-2/F, Building 2, Yongsheng Court, No.5 East Taixhang Street, Changzhi City	Cao Liwei
74	Hohhot East Ulanqab Street Securities Branch	Shop 101, Block B, Bolton Square, East Ulanqab Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region	He Jing
75	Hohhot West Daxue Street Securities Branch	Fengye Building, No. 110 West Daxue Street, Saihan District, Hohhot City, Inner Mongolia Autonomous Region	Hou Jie
76	Baotou Wulan Road Securities Branch	No. 6, 19 (A) Wulan Road, Kundulun District, Baotou City, Inner Mongolia Autonomous Region	Zhao Libin
77	Ordos Dongsheng South Jilaoqing Road Securities Branch	Room 0-105, Block 15, No. 7 Daqiao Road, Dongsheng District, Ordos City, Inner Mongolia Autonomous Region	Li Xuebin
78	Hulunbuir Qiaotou Street Securities Branch	3/F, Hulun Holiday Hotel, No. 6-8 Qiaotou Street, Hailar District, Hulunbuir City	Wang Jian
79	Shenyang Beizhan Road Securities Branch	(1702 1703-2 1704 1706 1709) No. 59 Beizhan Road, Shenhe District, Shenyang City, Liaoning Province	Hu Yingxin
80	Shenyang Dabeiguan Street Securities Branch	1-2/F, Gate 2, No. 40 Dabeiguan Street, Dadong District, Shenyang City	Luo Xiaodong
81	Shenyang Xianggang Road Securities Branch	Gates 16, 17 and 18, No. 143, Xianggang Road, Heping District, Shenyang City, Liaoning Province	Liu Dayong
82	Shenyang Sanjing Street Securities Branch	1-3/F, No. 95 Sanjing Street, South Shenhe District, Shenyang City	Wen Jiuyu
83	Shenyang East Jianshe Road Securities Branch	Gate 3, No. 76 East Jianshe Road, Tiexi District, Shenyang City	Xu Shan
84	Shenyang Longyue Street Securities Branch	Gate 6, No. 6A Longyue Street, Hunnan District, Shenyang City, Liaoning Province	Tang Yuheng
85	Shenyang Hekang Street Securities Branch	Gates 13-16 (1/F and 3/F), No. 65-1 Hekang Street, Heping District, Shenyang City, Liaoning Province	Li Bin
86	Yingkou Liaohe Avenue Securities Branch	30-1 and 30-2, Liaohe Avenue, Zhanqian District, Yingkou City	Zhao Feng
87	Fuxin Xinhua Road Securities Branch	Gate 74-15, Xinhua Road, Haizhou District, Fuxin City	Zhao Xiang
88	Liaoyang Xinyun Street Securities Branch	East side of 1/F, Unit 1, East of Building, No.84 Xinyun Street, Baita District, Liaoyang City, Liaoning Province	Tong Shengyong
89	Panjin Shifu Street Securities Branch	2#, Kaisa Center, No. 1 Shifu Street, Xinglongtai District, Panjin City, Liaoning Province	Li Jingping
90	Dandong Caishenmiao Street Securities Branch	No. 41-1-11 Caishenmiao Street, Yuanbao District, Dandong City, Liaoning Province	Liu Chang'an
91	Dalian Huanghe Road Securities Branch	Room B, C, D, Elevator Floor 5, No. 620 Huanghe Road, Shahekou District, Dalian City, Liaoning Province	Jiang Xuetao



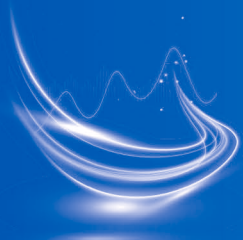
APPENDIX INFORMATION ON SECURITIES BRANCHES

No.	Name	Securities Branch Address	Person In Charge
92	Dalian Yide Street Securities Branch	Rooms 01, 08 & 07, 5/F, No. 20 Yide Street, Zhongshan District, Dalian City, Liaoning Province	Yan Tingting
93	Dalian Renmin Road Securities Branch	3/F, No.71 Renmin Road, Zhongshan District, Dalian City, Liaoning Province	Zheng Yue
94	Dalian Xinkai Road Securities Branch	No. 1, 3/F, No. 219 Huanghe Road, Xigang District, Dalian City, Liaoning Province	Jia Kaizhou
95	Zhuanghe Shiji Street Securities Branch	Shop 101, 1/F, Zhengtai International Building, No. 6, Section 1, Shiji Street, Zhuanghe City, Dalian City, Liaoning Province	Jin Li
96	Dalian Jinma Road Securities Branch	No. 2, Block 4, Zone F Commercial Building, Wu Cai Cheng, Dalian Economic and Technological Development Zone, Liaoning Province	Yu Pengxiao
97	Changchun Qianjin Street Securities Branch	9/F, Building A2, Jishang International Project, Qianjin Street, Chaoyang District, Changchun City	Yan Xiaomin
98	Changchun Renmin Street Securities Branch	No. 8688, Renmin Street, Nanguan District, Changchun, Jilin Province	Wang Huanyu
99	Jilin Jiangwan Road Securities Branch	Outlet No. 3, 4-2, Block 5, Sunshine Century City, No. 28 Jiangwan Road, Changyi District, Jilin City, Jilin Province	Zhao Ye
100	Tonghua West Binjiang Road Securities Branch	No. 1-9, Building 1-7, Bishui Mansion, West Binjiang Road, Dongchang District, Tonghua City	Cong Jiaxiang
101	Harbin Xishidao Street Securities Branch	5/F of Annex and 4/F of Main Building, Dongxing Building, No. 19 Xishidao Street, Daoli District, Harbin City	Liu Peijian
102	Harbin Zhongshan Road Securities Branch	1/F and 3/F, Commercial Service (1-4/F), Lan Se Shui An, No. 209 Zhongshan Road, Nangang District, Harbin City, Heilongjiang Province	Li Naichen
103	Daqing Jingsan Street Securities Branch	No. 5 Jingsan Street, Sartu District, Daqing City, Heilongjiang Province	Li Jingzhong
104	Jiamusi Xilin Road Securities Branch	No. 1178, Xilin Road, Jiaoqu, Jiamusi City	Shi Xiaodan
105	Qiqihar Longhua Road Securities Branch	2/F, No. 01, Level 01, Unit 00, No. 1 Junxiao Street, Tiefeng District, Qiqihar City, Heilongjiang Province	Liu Fang
106	Jixi Hongqi Road Securities Branch	4/F, No. 19 Hongqi Road, Xiangyang Sub-district Office, Jiguan District, Jixi City, Heilongjiang Province	Bai Yingchun
107	Harbin West Jingjiang Road Securities Branch	No. 2, 1/F, Building 6, No. 2372 West Jingjiang Road, Daoli District, Harbin	Ye Guangwen
108	Shanghai Changning District Zhenning Road Securities Branch	Room 202, 2/F, No. 525 Zhenning Road, Changning District, Shanghai	Li Gequan
109	Shanghai Pudong New Area Yuanshen Road Securities Branch	Room 102 on 1/F and 15/F, No. 92 Yuanshen Road, China (Shanghai) Pilot Free Trade Zone	Gu Kangkang
110	Shanghai Shijie Road Securities Branch	Storefront 1, No. 95 Shijie Road, Yangpu District, Shanghai	Huang Xuqing
111	Shanghai Anye Road Securities Branch	No. 124 Anye Road, Shanghai	Yu Lili
112	Shanghai Pudong New Area Bohua Road Securities Branch	2/F of 388, 390 and 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
113	Shanghai Yangpu East Jingyu Road Securities Branch	Rooms 101 and 201, No. 265 East Jingyu Road, Yangpu District, Shanghai	Zhang Jiwei

APPENDIX INFORMATION ON SECURITIES BRANCHES



No.	Name	Securities Branch Address	Person In Charge
114	Shanghai Hongjing Road Securities Branch	Room 202, No. 185 Hongjing Road, Minhang District, Shanghai	Chen Kai
115	Shanghai Yichuan Road Securities Branch	Room 101-102, 1/F and 2/F, No. 855-859 Yichuan Road, Jingan District, Shanghai	Kong Fei
116	Shanghai Shangnan Road Securities Branch	No. 1316 Shangnan Road, Pudong New Area, Shanghai	Zhuang Yiye
117	Shanghai Gongkang Road Securities Branch	1-2/F, No. 358 Gongkang Road, Baoshan District, Shanghai	Zhu Yuewei
118	Shanghai Dongbaoxing Road Securities Branch	12/F, No. 118 Dongbaoxing Road, Hongkou District, Shanghai	Yuan Jiapeng
119	Shanghai Wulian Road Securities Branch	No. 11 Wulian Road, Pudong New Area, Shanghai	Zhang Xuehong
120	Shanghai Xinzha Road Securities Branch	Room 603-604, No. 356 Xinzha Road, Huangpu District, Shanghai	Ning Jun
121	Shanghai Gushan Road Securities Branch	Rooms 403 and 406, Building 1, No. 2399 Zhangyang Road, No. 538 Gushan Road, China (Shanghai) Pilot Free Trade Zone	Tan Jin
122	Shanghai Zhaojiabang Road Securities Branch	Rooms 907, 908, 909, 910, 911, 912, 915, 916, 917, 918 and 920, 9/F, No. 212 Zhaojiabang Road, Huangpu District, Shanghai	Li Haiping
123	Shanghai Lintong Road Securities Branch	Room 2004-2010 and Room 2016-2025, 2/F, Building 1, No. 188 Lintong Road, Hongkou District, Shanghai	Wu Jie
124	Shanghai Hengfeng Road Securities Branch	Room 201-1, 2/F, No. 218 Hengfeng Road, Shanghai	Zhang Ye
125	Shanghai Dongdaming Road Bund Securities Branch	Room A, 4/F, No. 912 Dongdaming Road, Hongkou District, Shanghai	Zhang Yan
126	Shanghai Gubei Road Securities Branch	Rooms 02 and 01A, 7F, No.666 Gubei Road, Changning District, Shanghai (actually, Rooms 602 and 601A)	Zhou Yan
127	Shanghai Huangpu District Mengzi Road Securities Branch	Units 01 and 02, 10/F, No. 763 Mengzi Road, Huangpu District, Shanghai	Yang Xiaoyan
128	Shanghai South Pudong Road Securities Branch	1/F and 15/F, No. 855 South Pudong Road, China (Shanghai) Free Trade Pilot Zone	Tao Fei
129	Shanghai North Zhongshan Road Securities Branch	Rooms 401-406 and 408-412, No. 2917 North Zhongshan Road, Putuo District, Shanghai	Ni Ganli
130	Shanghai Caobao Road Securities Branch	9/F, No. 3459 Caobao Road, Minhang District, Shanghai	Li Xinliang
131	Shanghai Putuo District Changde Road Securities Branch	Room 102, 1/F, No. 1339 Changde Road, Putuo District, Shanghai	Yang Xin
132	Shanghai Qingpu District Mingzhu Road Securities Branch	Room 106, No. 838 Mingzhu Road, Qingpu District, Shanghai	Zhang Huanlai
133	Shanghai Minhang District Chenhang Road Securities Branch	Room 218, 2/F, Block 1, No. 2388 Chenhang Road, Minhang District, Shanghai	Jin Qibao
134	Shanghai Baoshan District Luxiang Road Securities Branch	Room 101, 1/F, No. 2 Alley 111, Luxiang Road, Baoshan District, Shanghai	She Hongwan
135	Shanghai Putuo District Daduhe Road Securities Branch	Room 505, 5/F, No. 26 Alley 168, Daduhe Road, Putuo District, Shanghai	Shen Ni



APPENDIX INFORMATION ON SECURITIES BRANCHES

No.	Name	Securities Branch Address	Person In Charge
136	Shanghai Pudong New Area Jingao Road Securities Branch	Room 108, No. 945 Jingao Road, Pudong New Area, Shanghai	Wu Yujun
137	China (Shanghai) Pilot Free Trade Zone Jilong Road Securities Branch	Shop 3, 1/F, No. 1 Jilong Road, China (Shanghai) Pilot Free Trade Zone	Zhou Feifei
138	Shanghai Yangpu District Songhu Road Securities Branch	Room 201, No. 433 Songhu Road, Yangpu District, Shanghai	Li Yajun
139	Shanghai Sibao Road Securities Branch	1-2/F, No. 50 Sibao Road, Sijing Town, Songjiang District, Shanghai	Xu Yongwei
140	Shanghai Jingang Road Securities Branch	Room 1110-1111, 11/F, No. 299 Jingang Road, China (Shanghai) Pilot Free Trade Zone	Cheng Xinghao
141	Shanghai Songjiang District East Rongle Road Securities Branch	1-2/F, No. 1919 East Rongle Road, Songjiang District, Shanghai	Chen Lin
142	Shanghai Pudong New Area South Lingyan Road Securities Branch	Room 1-2, 1/F, No. 1440 South Lingyan Road, Pudong New Area, Shanghai	Liu Ge
143	Shanghai Xiangchuan Road Securities Branch	1-2/F, No. 398 Xiangchuan Road, Pudong New Area, Shanghai	Jin Xuexia
144	Shanghai Qingpu District Middle Xinfu Road Securities Branch	Room 101, No. 1786_1784 Middle Xinfu Road, Huaxin Town, Qingpu District, Shanghai	Li Jiasen
145	Shanghai East Gaoke Road Securities Branch	No. 112, Building 8, Block 1, Alley 777, East Gaoke Road, Pudong New Area, Shanghai	Lu Bei
146	Shanghai Minhang District Humin Road Securities Branch	109, 1/F, Building 98, No. 1441 Humin Road, Minhang District, Shanghai	Liu Yi
147	Shanghai Xuhui District North Caoxi Road Securities Branch	Room 604, Block C, No. 595 North Caoxi Road, Xuhui District, Shanghai	Sun Yu
148	Shanghai Fengxian District East Huancheng Road Securities Branch	Room 101, No. 525 East Huancheng Road, Fengxian District, Shanghai	Zhou Qun
149	Nanjing Hongwu Road Securities Branch	Room 203-207, 2/F, Fuxin International Building, No. 359 Hongwu Road, Qinhuai District, Nanjing	Cao Anming
150	Nanjing Shanghai Road Securities Branch	2/F, No. 145, Shanghai Road, Gulou District, Nanjing	Yuan Zheng
151	Nanjing Zhujiang Road Securities Branch	Building 1, No. 714 Zhujiang Road, Xuanwu District, Nanjing	Hu Kaitao
152	Nanjing Middle Jiangdong Road Securities Branch	Room 201, No. 213 Middle Jiangdong Road, Jianye District, Nanjing	Ji Xiaolong
153	Nanjing Nanrui Road Securities Branch	Building 19, Wu Yue Yi Yuan, No. 79 Nanrui Road, Gulou District, Nanjing City, Jiangsu Province	Ju Min
154	Yangzhou Middle Wenchang Road Securities Branch	Lobby 101, 201, Jiansong Building, No. 571 Middle Wenchang Road (Jianye Building), Yangzhou City	Zhang Yuting
155	Suzhou Sanxiang Road Securities Branch	Rooms 1001, 1002, 1004 and 1009, No. 999, Sanxiang Road, Suzhou City	Qian Chun
156	Zhenjiang Zhengdong Road Securities Branch	4/F, Building 4, No. 39 Zhengdong Road, Zhenjiang City	Yao Jingjiao
157	Nanjing Jiangning Jinbo Road Securities Branch	Room 201, Building 3, No. 770 Jinbo Road, Dongshan Sub-District, Jiangning District, Nanjing	Yang Weixue
158	Nanjing Yanshan Road Securities Branch	Room 1701-1, No. 179 Yanshan Road, Jianye District, Nanjing	Zhou Xujie

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No.	Name	Securities Branch Address	Person In Charge
159	Nantong Gongnong Road Securities Branch	Rooms 101 and 201, Jintang Building, No. 198 Gongnong Road, Chongchuan District, Nantong City	Wang Wei
160	Changshu East Zhujiang Road Securities Branch	No. 93 East Zhujiang Road, Changshu City, Jiangsu Province	Wang Fuxing
161	Yancheng South Yingbin Road Securities Branch	Room 102, Building 7, North Qian Jiang Fang Zhou Community, No. 126 South Yingbin Road, Yancheng City	Wang Zhijian
162	Wuxi Liangxi Road Securities Branch	Zone A, 1/F, No. 708 Liangxi Road, Wuxi	Liu Zhongxi
163	Jiangyin North Hongqiao Road Securities Branch	1/F of No. 185 and 2/F of No. 181-185 North Hongqiao Road, Jiangyin City	Zhao Qian
164	Lianyungang South Tongguan Road Securities Branch	109, Jian Yuan Guan Zhu Building, No. 102 South Tongguan Road, Haizhou District, Lianyungang City	Luo Fei
165	Rugao Jiankang Road Securities Branch	Business Room, No. 4, Building 809, East Jiankang Village, Rucheng Town, Rugao City, Jiangsu Province	Chen Liyuan
166	Zhangjiagang West Shazhou Road Securities Branch	No. 108, North Central, 101#, No. 115 West Shazhou Road (Tianba Business Building), Yangshe Town, Zhangjiagang City	Zhu Kechun
167	Changzhou Beidajie Securities Branch	No. 8-1, Yulong Garden, Zhonglou District, Changzhou City	Zhang Yu
168	Yixing South Guibin Road Securities Branch	1-3/F, No. 78 South Guibin Road, Xinjie Sub-district, Yixing City	Wang Yeke
169	Taizhou South Qingnian Road Securities Branch	Rooms 103 & 104, No. 300 South Qingnian Road, Hailing District, Taizhou City	Zhang Zhan
170	Kunshan Xiaolin Road Securities Branch	No. 195-1 Xiaolin Road, Northern Yushan Town, Kunshan City	Peng Xiaowu
171	Baoying Baitian Road Securities Branch	No. 100 Commercial Street, Baitian Road, Hongsheng New Town, Baoying County	Wang Wenxiang
172	Guanyun Middle Renmin Road Securities Branch	Rooms 102 & 202, Block 7, Jinling Imperial Garden, Middle Renmin Road, Yishan Town, Guanyun County, Lianyungang City	Xu Zhangyi
173	Suzhou Yueliangwan Road Securities Branch	Room 101-03, Zhongxin Building, No. 15 Yueliangwan Road, Suzhou Industrial Park	Luo Tianyi
174	Taicang East Shanghai Road Securities Branch	Rooms 106 & 107, Block 3, No. 168 East Shanghai Road, Loudong Sub-district, Taicang City	Jiang Dingzhu
175	Nanjing Chuangzhi Road Securities Branch	Room 101, No. 2 Chuangzhi Road, Jianye District, Nanjing	Dai Rongming
176	Nanjing Pubin Road Securities Branch	Room 101, Block 5, CASTD Innovation Plaza, No. 150 Pubin Road, Jiangbei New Area, Nanjing	Ding Dayu
177	Nanjing Shuanglong Avenue Securities Branch	Room 102, No. 1306 Shuanglong Avenue, Jiangning District, Nanjing, Jiangsu	Xu Xiaosan
178	Xuzhou East Huaihai Road Securities Branch	Shop 104-3, No. 104 East Huaihai Road, Yunlong District, Xuzhou City, Jiangsu Province	Qin Song
179	Rudong Tonghai Road Securities Branch	Shops 152 and 152, Building 8, Run Tong Shang Cheng, No. 9 Tonghai Road, Chengzhong Sub-district, Rudong County, Nantong City, Jiangsu Province	Zhang Jiyi
180	Hangzhou Fengqi Road Securities Branch	1-3/F on No. 282 and 3/F on No. 284 Fengqi Road, Xiacheng District, Hangzhou City, Zhejiang Province	Ma Yining
181	Hangzhou Tiyuchang Road Securities Branch	1/F and 3/F, No. 102 Tiyuchang Road, Hangzhou City, Zhejiang Province	Zhang Hui



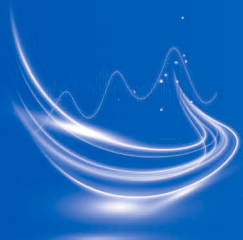
APPENDIX INFORMATION ON SECURITIES BRANCHES

No.	Name	Securities Branch Address	Person In Charge
182	Hangzhou Shaoxing Road Securities Branch	Room 216-217, No. 303 Shaoxing Road, Hangzhou City, Zhejiang Province	Zhu Guowei
183	Hangzhou Fengtan Road Securities Branch	Room 301-2, Blocks 1, 2 and 3, Fengyuan International Building, No. 430 Fengtan Road, Gongshu District, Hangzhou City, Zhejiang Province	Sun Zhuo
184	Hangzhou Jingfang Securities Branch	No. 171, 173 and 175 East Fengqi Road, Shangcheng District, Hangzhou City, Zhejiang Province	Ling Yong
185	Jiande Xin'an Road Securities Branch	1/F, No. 195 and 3/F, No. 193-195, Xin'an Road, Xin'anjiang Sub-district, Jiande, Hangzhou, Zhejiang Province	Wu Hao
186	Hangzhou West Genshan Road Securities Branch	1/F and 7-8/F, No. 220 West Genshan Road, Hangzhou City, Zhejiang Province	Hu Jun
187	Hangzhou Yuhang Qiushan Street Securities Branch	No. 611-202 Qiushan Street, Donghu Sub-district, Yuhang District, Hangzhou, Zhejiang	Gong Xiaojun
188	Tonglu South Yingchun Road Securities Branch	No. 80 and No. 82, South Yingchun Road, Tonglu County, Zhejiang Province	Tong Xialian
189	Shaoxing Securities Branch	No. 146 Middle Luxun Road, Shaoxing City, Zhejiang Province	Shi Lei
190	Deqing Securities Branch	No. 251 South Zhongxing Road, Wukang Town, Deqing County, Zhejiang Province	Wu Tao
191	Huzhou Shiyuan Road Securities Branch	No. 883-885 Shiyuan Road, Nanxun Town, Huzhou City, Zhejiang Province	Hu Yali
192	Shaoxing Shangyu Shimin Avenue Securities Branch	No. 583-589 Shimin Avenue, Baiguan Sub-district, Shangyu District, Shaoxing City, Zhejiang Province	Wang Xiaofeng
193	Yiwu North Chouzhou Road Securities Branch	1-2/F, No. 661 and No. 663, North Chouzhou Road, Choucheng Sub-district, Yiwu City, Zhejiang Province	Chen Chengjue
194	Lanxi Sanjiang Road Securities Branch	No. 73 Sanjiang Road, Lanjiang Sub-district, Lanxi, Jinhua City, Zhejiang Province	Wang Yijie
195	Lishui Securities Branch	No. 375 Dayang Road, Lishui city, Zhejiang Province	Xie Jianhong
196	Qingtian Longjin Road Securities Branch	2/F, No. 16, No. 18 and No. 24, Longjin Road, Hecheng Sub-district, Qingtian County, Lishui City, Zhejiang Province	Shu Haomiao
197	Longquan Hualou Street Securities Branch	No. 268 Hualou Street, Longquan city, Zhejiang Province	Yang Ye
198	Suichang Kaien Road Securities Branch	No. 106-113 B, Kaien Road, Miaogao Sub-district, Suichang County, Lishui City, Zhejiang Province	Yan Bin
199	Qingyuan Mengzhou Street Securities Branch	Shop 6, Block 7, Mengzhou Garden, No. 209 Mengzhou Street, Mengzhou Sub-district, Qingyuan County, Lishui City, Zhejiang Province	Wu Yijia
200	Wenzhou Danan Road Securities Branch	Room 201, 2/F, Huadu Building, Danan Road, Lucheng District, Wenzhou city, Zhejiang Province	Jin Fan
201	Pingyang Renmin Road Securities Branch	1/F and 6/F, No. 158 Renmin Road, Kunyang Town, Pingyang County, Wenzhou City, Zhejiang Province	Cai Jiqin
202	Cangnan Chezhan Avenue Securities Branch	Rom 201, Block 6, Times City Square, Chezhan Avenue, Lingxi Town, Cangnan County, Wenzhou City, Zhejiang Province	Lin Guanshu
203	Huzhou Securities Branch	No. 128 Hongqi Road, Huzhou City, Zhejiang Province	Fang Kai
204	Quzhou Xujiang Road Securities Branch	No. 65, 67 and 69, Xujiang Road, Kecheng District, Quzhou City, Zhejiang Province	Ren Huikang
205	Changxing North Jinling Road Securities Branch	1/F and 2/F, No. 310-312 North Jinling Road, Longshan Sub-district, Changxing County, Huzhou City, Zhejiang Province	Zhu Zhengyi

APPENDIX INFORMATION ON SECURITIES BRANCHES



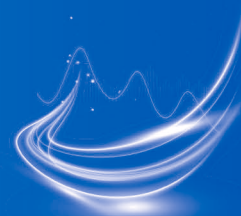
No.	Name	Securities Branch Address	Person In Charge
206	Jiaxing South Huancheng Road Securities Branch	No. 281 South Huancheng Road, Nanhu District, Jiaxing City, Zhejiang Province	Yang Jianmin
207	Pinghu West Jiefang Road Securities Branch	1/F and 2/F, No. 62 West Jiefang Road, Danghu Sub-district, Pinghu City, Zhejiang Province	Sun Hangping
208	Jinhua Securities Branch	No. 393 South Bayi Road, Wucheng District, Jinhua City, Zhejiang Province	Zhong Xiaojun
209	Taizhou North Yinzuo Street Securities Branch	No. 20-1 – 38-1 (even number) of Alley 965, No. 23-1 – 43.1 (odd number) of Alley 967, No. 41 of Alley 967, North Yinzuo Street, Lubei Sub-district, Luqiao District, Taizhou City, Zhejiang Province	Yu Wei
210	Wenzhou Chezhan Avenue Securities Branch	No. 10-11, 1/F, Buildings 1 and 2, Jinglong Building, Chezhan Avenue, Lucheng District, Wenzhou, Zhejiang Province	Tu Fenfang
211	Hangzhou West Jiangbin Avenue Securities Branch	No. 170-23 to 170-25 West Jiangbin Avenue, Lushan Sub-district, Fuyang District, Hangzhou City, Zhejiang Province	Yu Heguo
212	Zhoushan Qiandao Road Securities Branch	1/F, Block A, Jianshe Building, No. 167 Qiandao Road, Lincheng Sub-district, Dinghai District, Zhoushan City, Zhejiang Province	Wu Wenjie
213	Linhai Duqiao South Huancheng Road Securities Branch	No. 367 South Huancheng Road, Duqiao Town, Linhai City, Zhejiang Province	Ren Liqing
214	Taizhou Huangyan Weiyu Street Securities Branch	No. 328, 330 and 332, Weiyu Street, Xicheng Sub-district, Huangyan District, Taizhou, Zhejiang Province	Mou Peng
215	Shaoxing Keqiao Jianhu Road Securities Branch	1-2/F, Block A, No 27 Jianhu Road, Keqiao Sub-district, Keqiao District, Shaoxing, Zhejiang Province	Xu Jianguo
216	Chun'an Nanjing Road Securities Branch	No. 332 Nanjing Road, Qiandao Town, Chun'an County, Hangzhou City, Zhejiang Province	Chang Yu
217	Hangzhou East Tiancheng Road Securities Branch	No. 246-234 (Block 1, Shangsha Yongyu Building), East Tiancheng Road, Hangzhou Economic and Technological Development Zone, Zhejiang Province	Jin Xinjian
218	Taizhou Donghai Avenue Securities Branch	No. 680 & 682, Donghai Avenue, Taizhou City, Zhejiang Province	Huang Li
219	Zhuji Dongwang Road Securities Branch	No. 218 Dongwang Road, Huandong Sub-district, Zhuji, Shaoxing City, Zhejiang Province	Chen Weifeng
220	Tongxiang Shiji Avenue Securities Branch	No. 1149, 1151 and 1153, Shiji Avenue, Wutong Sub-district, Tongxiang, Jiaxing City, Zhejiang Province	Shen Danxia
221	Hangzhou Shixinzhong Road Securities Branch	No. 651 Shixinzhong Road, Beigan Sub-district, Xiaoshan District, Hangzhou City, Zhejiang Province	Zhang Yong
222	Yongkang Wuzhou Road Securities Branch	1/F, Jinzhou Building, Headquarters Center, Yongkang, Jinhua City, Zhejiang Province	Zhong Yizheng
223	Wenzhou West Yongzhong Road Securities Branch	Room 125-1 & 125-2, Block 1-6, Wan Xin Jin Yuan, West Yongzhong Road, Longwan District, Wenzhou City, Zhejiang Province	Chen Xiao
224	Linhai Chonghe Road Securities Branch	No. 7-5, 7-6 & 7-7, Chonghe Road, Yongyi Plaza, Gucheng Sub-district, Linhai, Taizhou City, Zhejiang Province	Zhang Lingjiao
225	Longgang Dragon Mansion Securities Branch	Rooms 207, 208 and 209, Building 1-2, Dragon Mansion, Longgang, Wenzhou City, Zhejiang Province	Yu Qianqian
226	Wenling Sanxing Avenue Securities Branch	No. 297 & 297-1 Sanxing Avenue, Taiping Sub-district, Wenling, Taizhou City, Zhejiang Province	Chen Chao



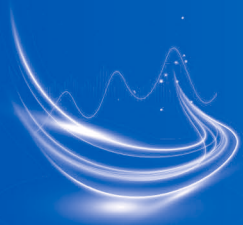
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No.	Name	Securities Branch Address	Person In Charge
227	Anji West Shengli Road Securities Branch	No. 135-137 West Shengli Road, Changshuo Sub-district, Anji County, Huzhou City, Zhejiang Province	Wang Zhiwe
228	Haining West Qianjiang Road Securities Branch	No. 239 and No. 241 West Qianjiang Road, Haizhou Sub-district, Haining, Jiaxing City, Zhejiang Province	You Faqiang
229	Hangzhou Shipping International Administration Mansion Securities Branch	Rooms 120, 216 and 218, Block 2, Shipping International Administration Mansion, Shangcheng District, Hangzhou City, Zhejiang Province	Bao Sheng
230	Dongyang Shizi Street Securities Branch	No. 13 Shizi Street, Wuning Sub-district, Dongyang City, Zhejiang Province	Jin Kuang
231	Hangzhou Shuanglong Street Securities Branch	Shop 106-107, 1/F, Building B, Sanshen Business Center, No. 99 Shuanglong Street, Jiangcun Sub-district, Xihu District, Hangzhou City, Zhejiang Province	Li Bo
232	Hangzhou Dengyun Road Securities Branch	No. 118-1 & 120 Denyun Road, Gongshu District, Hangzhou City, Zhejiang Province	Yu Weidi
233	Hangzhou Future Science and Technology City Shuxin Road Securities Branch	Rooms 103 and 104, Block C, Zhengyuan Zhihui Building, No. 359 Shuxin Road, Cangqian Sub-district, Yuhang District, Hangzhou City, Zhejiang Province	Yang Xiaoqin
234	Xinchang Lijiang Road Securities Branch	No. 111, Jingxin Building, Lijiang Road, Qixing Sub-district, Xinchang County, Zhejiang Province	Yang Ting
235	Pujiang East Renmin Road Securities Branch	No. 42 and No. 42-1, East Renmin Road, Puyang Sub-district, Pujiang County, Zhejiang Province	Lou Jiani
236	Tiantai Chicheng Road Securities Branch	No. 267 and No. 269 Chicheng Road, Chicheng Sub-district, Tiantai County, Taizhou City, Zhejiang Province	Chen Jinzhen
237	Ningbo Ningchuan Road Securities Branch	1-5-4 of No. 1713, 1719, 1721 and 1733 Ningchuan Road, No. 30 Anbo Road, 32-2 of No.8 Jianning Street, Yinzhou District, Ningbo City, Zhejiang Province	Zhou Hongliang
238	Ningbo Liuting Street Securities Branch	Room 1607-1610, 16/F, No. 225 Liuting Street, and Room 1-4-2, Building 043, No. 54, 56, 58, 60, 62 and 64, Changchun Road, Haishu District, Ningbo City, Zhejiang Province	Wang Yunguo
239	Ningbo South Dazha Road Securities Branch	1-2 of No. 507 South Dazha Road and 9-1 and 9-2 of No. 218 Xinyi Road, Jiangbei District, Ningbo City, Zhejiang Province	Chen Cheng
240	Ningbo Junzi Street Securities Branch	Room (2-8) (2-9), No. 19, Alley 88, Junzi Street, Haishu District, Ningbo	Li Hui
241	Ningbo North Ningnan Road Securities Branch	No. 1049 North Ningnan Road, Zhonggongmiao Sub-district, Yinzhou District, Ningbo City	Zhou Yu
242	Fenghua Yuelin Road Securities Branch	No. 1-1, 1-2 and 1-3 Yuelin Road, Jinpin Sub-district, Fenghua District, Ningbo City, Zhejiang Province	Ren Xiaodong
243	Yuyao West Yangming Road Securities Branch	No. 348 West Yangming Road, Yuyao City, Zhejiang Province	Hu Ting
244	Ningbo Beilun South Zhonghe Road Securities Branch	No. 299-53 and No. 299-54 South Zhonghe Road, Xinqi Sub-district, Beilun District, Ningbo City, Zhejiang Province	Li Binbin
245	Ningbo East Baizhang Road Securities Branch	No. 899 East Baizhang Road, Ningbo City, Zhejiang Province	Feng Yi
246	Cixi Ciyong Road Securities Branch	No. 314-318 Ciyong Road, Hushan Sub-district, Cixi City, Zhejiang Province	Yu Xiaolan
247	Hefei Jincheng Securities Branch	1/F and 10/F, No. 436 Middle Changjiang Road, Luyang District, Hefei City, Anhui Province	Wu Kan

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No.	Name	Securities Branch Address	Person In Charge
248	Hefei Linquan Road Securities Branch	1/F and 5/F, Block B, Xinguanghe Building, No. 7377 Linquan Road, Luyang District, Hefei City, Anhui Province	Chen Jun
249	Ma'anshan Middle Hudong Road Securities Branch	Block 2, Ju Feng Yuan, No. 777 Middle Hudong Road, Huashan District, Ma'anshan	Wang Gongman
250	Huangshan South Xianrendong Road Securities Branch	No. 2-40 South Xianrendong Road, Tunxi District, Huangshan, Anhui Province	Lu Wenbin
251	Hefei Huizhou Avenue Securities Branch	1-2/F, East Podium, Xueyuan Building, No. 525 Huizhou Avenue, Baohe District, Hefei City	Wang Wei
252	Hefei Qimen Road Securities Branch	Offices 1301 and 1310, Block A, Xindi Center, No. 333 Qimen Road, Zhengzheng District, Hefei City, Anhui Province	Kong Jun
253	Wuhu West Limin Road Securities Branch	Taixin Business Center (China Resources SuGuo Limin Shopping Mall), Yijiang District, Wuhu City, Anhui Province	Gao Xuemin
254	Bengbu Donghai Avenue Securities Branch	No. 5183 (1/F, East of Business Building, South of Zhanggongshan Park), Donghai Avenue, Bengbu City, Anhui Province	Zhou Yingyu
255	Anqing South Jixian Road Securities Branch	No. 2 South Jixian Road, Dagan District, Anqing City, Anhui Province	Ji Xiong
256	Huainan Guangchang Road Securities Branch	Shops 116, 215 and 216, Lvcheng Garden, Guangchang Road, Tianjiaan District, Huainan City, Anhui Province	Wang Tao
257	Tongling Yi'an Avenue Securities Branch	Room C102, Fortune Plaza, No. 1287 North Section of Yi'an Avenue, Tongling City, Anhui Province	Han Hong
258	Fuyang Huaihe Road Securities Branch	Room 7#111, Zone A-3, Wanda Plaza, No. 789 Huaihe Road, Qinghe Sub-district Office, Yingzhou District, Fuyang City	Deng Guxia
259	Chizhou Shicheng Avenue Securities Branch	Room 102, Block 1, Kaixuanmen, Shicheng Avenue, Chizhou City, Anhui Province	Xu Xiaolong
260	Fuzhou Securities Branch	Storefronts 12 and 13, 1/F, and Storefront 01, 2/F, Building 1#, Fuzhou Jiyou Square, No. 39 Fuma Road, Gulou District, Fuzhou City, Fujian Province	Chen Qing
261	Fuzhou Dongshui Road Securities Branch	3/F, Design Building, No. 55 Dongshui Road, Gulou District, Fuzhou City	Zheng Qingyu
262	Zhangzhou Shuixian Street Securities Branch	Room D3, Building D-E, Rongchang Square, Rongchang Garden, Shuixian Street, Longwen District, Zhangzhou City, Fujian Province	Lei Jintao
263	Fuzhou Hudong Road Securities Branch	Portion of Unit 01 and Units 03 and 04, 6/F, Hengli Financial Center, Gulou District, Fuzhou City, Fujian Province	Lin Jiqing
264	Quanzhou Nanjun Road Securities Branch	No. 132 North Nanjun Road, Dongsheng Community, Kaiyuan Sub-district, Licheng District, Quanzhou City, Fujian Province	Wu Xingjin
265	Sanming North Xinshi Road Securities Branch	Shop 16, 1/F, Block 1, No. 999 North Xinshi Road, Sanyuan District, Sanming City	Peng Dezhaoh
266	Fuqing Wanda Palaza Securities Branch	Shops 01, 02 and 06 on 1/F, and shops 01, 02, 03, 05 and 06 on 2/F, Building B3-B6 and Building B9-B13, Fuqing Wanda Plaza, Yinxi Sub-district, Fuqing, Fuzhou City, Fujian Province	Chen Feng
267	Putian Middle Yanshou Street Securities Branch	Rooms 104, 105 and 106, 1/F, Zone E, Liyuan Community, No. 1786 Middle Yanshou Street, Gongchen Sub-district, Licheng District, Putian City, Fujian Province	Ke Longcai



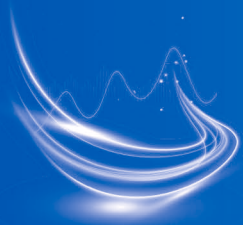
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No.	Name	Securities Branch Address	Person In Charge
268	Ningde Securities Branch	Rooms 101 & 201, Block 1, Qing Hua Yuan, No. 39 South Jiaocheng Road, Jiaocheng District, Ningde City, Fujian Province	Chen Gang
269	Yunxiao Jiangjun Avenue Securities Branch	No. 101-103, Block 7, Yi Jing Yang Guang, Jiangjun Avenue, Yunxiao County, Fujian Province	Fang Zhongzhong
270	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
271	Longyan Lian Hua Jia Yuan Securities Branch	Room 202, No. 331, Lianxin/South Xi'an Road, Xicheng Sub-district, Xinluo District, Longyan City, Fujian Province	Gu Weidong
272	Nanping West Binjiang Road Securities Branch	112#, Building 16, Wanda Core Mansion, West Binjiang Road, Tongyou Group, Wuyi New Area, Nanping City	Wang Zhanglong
273	Xiamen Middle Hubin Road Securities Branch	Units 1601, 1604, 1605 and 1606, Seashine Building, No. 123 Middle Hubin Road, Siming District, Xiamen City	Chen Huashu
274	Xiamen Minzu Road Securities Branch	Units 1702 & 1703, Century Center, No. 50 Minzu Road, Siming District, Xiamen City	Ding Fuyun
275	Xiamen Jiahe Road Securities Branch	5/F, Block C, Xinjing Center, No. 25 Jiahe Road, Siming District, Xiamen City	Liao Xinyan
276	Xiamen Tongan Xiangping Securities Branch	6, No. 72 Xiqiao Road, Xiangping Sub-district, Tongan District, Xiamen City	Wei Xiangfei
277	Xiamen Free Trade Financial Center Securities Branch	Unit 05-06, 1/F, Building C, Free Trade Financial Center, No. 3 4th Yu'nan Road, Xiamen Area (Bonded Area), China (Fujian) Pilot Free Trade Zone	Chen Sunkai
278	Xiamen East Tapu Road Securities Branch	Unit 101-1, No. 165 East Tapu Road, Siming District, Xiamen City	Wang Junzhao
279	Xiamen Honglian Road Securities Branch	Unit 102, No. 17 Honglian Road, Siming District, Xiamen City	Yan Dongsheng
280	Nanchang Yangming Road Securities Branch	1/F, 3/F, and Room 411-412, 4/F, Jiangxi Daily News Building, No. 190 Yangming Road, Donghu District, Nanchang, Jiangxi Province	Jin Zicheng
281	Nanchang Honggutan New Area Securities Branch	Room F201, Office Complex Building, Block 1, 3#, 4#, 5# and 6#, Honggutiandi Mall, Honggutan New Area, Nanchang City, Jiangxi Province	Chu Xuncheng
282	Ganzhou Dengfeng Avenue Securities Branch	Shops 7#, 8# and 9#, Block 5, Qidian Xintiandi, No. 19 Dengfeng Avenue, Zhanggong District, Ganzhou City, Jiangxi Province	Li Zhixue
283	Shangrao Daihu Road Securities Branch	No. 1-1, Block 2, No. 50 Daihu Road, Xinzhou District, Shangrao City, Jiangxi Province	Wang Jianhong
284	Nanchang Middle Hongu Avenue Securities Branch	Room 105, Building 2, Block 1, Wanda Star Phase 3, Honggutan New Area, Nanchang City, Jiangxi Province	Zhang Guoqing
285	Yudu Gongjiang Avenue Securities Branch	13#01 Feng Ye Jiang Pan, Gongjiang Avenue, Gongjiang Town, Yudu County, Ganzhou City, Jiangxi Province	Xie Jian
286	Nanchang Liantang Securities Branch	Shops 103 and 104, Chenghu Qianbaiwei Commercial and Residential Building, Middle Chenghu Road, Nanchang County, Nanchang City, Jiangxi Province	Sun Jia
287	Pingxiang East Shaoshan Road Securities Branch	Room 109-112, Block 1, Triumph Shangri, No. 789 East Shaoshan Road, Anyuan District, Pingxiang City, Jiangxi Province	Li Jin

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No.	Name	Securities Branch Address	Person In Charge
288	Yantai Securities Branch	No. 175 Xi'nanhe Road, Zhifu District, Yantai City, Shandong Province	Zhang Zhenping
289	Weifang Beihai Road Securities Branch	North side of 1/F, Fortune International Business Building, No. 4931 Beihai Road, Kuiwen District, Weifang City, Shandong Province	Zhong Jian
290	Zibo Linzi Avenue Securities Branch	No. 698 Linzi Avenue, Linzi District, Zibo City, Shandong Province	Wu Tao
291	Jinan Wuyuan Street Securities Branch	Rooms 05 and 06, 13/F, No. 102 Wuyuan Street, Lixia District, Jinan City (Premises: Unit L112-2, No. 106 Wuyuan Avenue)	Wu Yunpeng
292	Weihai Tongyi Road Securities Branch	1-2/F North Wing, No. 57 Tongyi Road, Huancui District, Weihai City, Shandong Province	Shao Renhang
293	Jining Guanghe Road Securities Branch	Yinhe Building, No. 18 Guanghe Road, Jining City	Tu Fangan
294	Dongying Fuqian Avenue Securities Branch	No. 84 Fuqian Avenue, Dongying District, Dongying City, Shandong Province	Wang Gang
295	Linyi Yimeng Road Securities Branch	Shops 110-210 and 111-211, Building 8, South of the intersection of Yimeng Road and Yinqueshan Road (Da Yuan Bei Qu), Lanshan District, Linyi City, Shandong Province	Xu Yingying
296	Rizhao Weihai Road Securities Branch	Room 102, Unit 01, Block 1AB, Zone B, Xin Ying Hua Fu, Weihai Road, Donggang District, Rizhao City, Shandong Province	Miao Mingyuan
297	Liaocheng West Dongchang Road Securities Branch	No.111 West Dongchang Road, Dongchangfu District, Liaocheng City, Shandong Province	Wang Yongmei
298	Tai'an Changcheng Road Securities Branch	No. 09, Block 1, DEVELOP Xincheng Guoji, West side of North Changcheng Road, Tai'an City	Lv Huawei
299	Dezhou West Daxue Road Securities Branch	1-2/F, No. 2, Block 2, Huajin Garden, West Daxue Road, Tianqu Sub-district Office, Decheng District, Dezhou City, Shandong Province	Zhang Bin
300	Binzhou Fifth Huanghe Road Securities Branch	2/F, Shop 101, Block A, Dibao Plaza, No. 345 Fifth Huanghe Road, Binzhou Economic and Technological Development Zone, Binzhou City, Shandong Province	Fu Huizhe
301	Qingdao Nanjing Road Securities Branch	No. 100-E, Nanjing Road, Shinan District, Qingdao City, Shandong Province	Cui Ning
302	Qingdao West Xianggang Road Securities Branch	Block 1-5, No. 22 West Xianggang Road, Shinan District, Qingdao City	Sun Hongtao
303	Qingdao Economic and Technological Development Zone Securities Branch	Room 201, Building 1, Block 27, No. 157 Dongjiang Road, Huangdao District, Qingdao City, Shandong Province	Chai Hao
304	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
305	Qingdao Harbin Road Securities Branch	No. 204, Block 2, Commercial Building, No. 52 Harbin Road, Shibei District, Qingdao City, Shandong Province	Duan Zhiqiang
306	Qingdao Jimo Yanqing Road Securities Branch	No. 510 Yanqing Road, Jimo, Qingdao City, Shandong Province	Du Weichao
307	Zhengzhou Smart Island Securities Branch	202-206, 2/F, Lifeng International Building, No. 6 Shangxian Street, Longzihu, Zhengdong New Area, Zhengzhou City	Wang Junzhao



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No.	Name	Securities Branch Address	Person In Charge
308	Zhengzhou Longhai Road Securities Branch	No. 03, 1/F, North Side, No. 19 South Songshan Road, Erqi District, Zhengzhou City	Ren Jianfeng
309	Zhengzhou Dongfeng Road Securities Branch	No. 103, Block 3, No. 217 Dongfeng Road, Jinshui District, Zhengzhou City	Wang Chunxia
310	Zhengzhou Nanyang Road Securities Branch	Heli Building, Annex No. 16, No. 76 Huanghe Road, Jinshui District, Zhengzhou City	Zhang Qingjun
311	Zhengzhou Shanhe Securities Branch	No. 39 Weiwu Road, Jinshui District, Zhengzhou City	Ma Chaoqun
312	Xuchang Wenfeng Road Securities Branch	No. 1728 and No. 1732 Middle Wenfeng Road, Weidu District, Xuchang City	Wang Nan
313	Xinxiang Youyi Road Securities Branch	Rooms 106 and 107, 1/F, Building 28, 103 Factory Residential Community, No. 1 Youyi Road, Xinxiang City	Wang Qingfeng
314	Luoyang Taikang Road Securities Branch	105, Building 3, Yuanhua International City Apartment, No. 30 Taikang Road, Luolong District, Luoyang City, Henan Province	Li Minghe
315	Ruzhou Securities Branch	No. 54 North Chengyuan Road, Ruzhou City	Fu Wei
316	Zhumadian Landmark Plaza Securities Branch	Shop 118, Building 2, Landmark Plaza, Northwest Corner of the Intersection of Huaihe Avenue and Tongshan Avenue, Municipal District of Zhumadian City, Henan Province	Niu Chang
317	Xinyang Beijing Road Securities Branch	Shops 108, 208 & 209, Block 9, Zhengtong Osmanthus Garden, No. 187 Beijing Road, Shihe District, Xinyang City	Jiang Bo
318	Kaifeng Hanxing Road Securities Branch	Shop 3, Building 8, Sai Na Zuo An, Intersection of Hanxing Road and Huanghe Road, Kaifeng City	Wang Dong
319	Wuhan Aomen Road Securities Branch	No. 123 Aomen Road, Jiang'an District, Wuhan City, Hubei Province	Zhang Baohe
320	Wuhan Hanyang Securities Branch	No. 155 Yingwu Avenue, Hanyang District, Wuhan	Zhang Qing
321	Wuhan Zhongnan Road Securities Branch	3/F, Business Conference Center, No. 1 Hongshan Road, Wuchang District, Wuhan City, Hubei Province	Gu Xiongfei
322	Wuhan Xinhua Road Securities Branch	Room 2, 1/F and Room 2, 3/F, Building C, Huanan Building, No. 222 Fazhan Avenue, Jiangnan District, Wuhan City, Hubei Province	Yuan Feilin
323	Wuhan Jiyuqiao Securities Branch	Rooms 12, 13, 14 and 15, 1-2/F, Blocks 12 and 13, Wuhan Jiyuqiao Wanda Plaza (Phase II), No. 98 Linjiang Avenue, Wuchang District, Wuhan City	Ye Jun
324	Wuhan Wuluo Road Securities Branch	No. 105, 1/F & No. 2-3, 4/F, Future Mansion, No. 668 Wuluo Road, Hongshan District, Wuhan City	Wang Xuan
325	Wuhan Longyang Avenue Securities Branch	13/F, Building 9 (Times Center), Blocks 9, 10 & 11, Lot B, Hanyang C-PARK, No. 56 Longyang Avenue, Hanyang District, Wuhan City	Dong Lintao
326	Wuhan Zhuankou Ningkan Road Securities Branch	No. 262-267, Shenlong Commercial Street, No. 69 Ningkan Road, Wuhan Economical and Technical Development Zone	Dai Dongchen
327	Yichang New Century Securities Branch	6/F, Starlight Plaza Office Building, No. 121 Yiling Avenue, Yichang City, Hubei Province	Zhang Jiao
328	Jingmen Securities Branch	No.118 Xiangshan Street, Dongbo District, Jingmen City, Hubei Province	Wang Wei
329	Shayang Hanjin Avenue Securities Branch	No. 53 Hanjin Avenue, Shayang County, Jingmen City, Hubei Province	Tong Dehong

APPENDIX INFORMATION ON SECURITIES BRANCHES



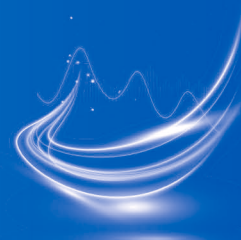
No.	Name	Securities Branch Address	Person In Charge
330	Xiangyang Securities Branch	No. 301, 302, 3/F, Block 5, Minfa Century New Town, Changhong Road, Fancheng District, Xiangyang City	Xiong Feng
331	Zaoyang Securities Branch	2/F, Yulongju Office Building, Middle Section of Renmin Road, Zaoyang City	Tian Guosheng
332	Wuhan Guanggu Securities Branch	No. 01, Floor 2, Unit 1, Building 10 (Original Building 3), Guanggu Chuangye Street, Dongxin Road, Donghu New Technology Development Zone, Wuhan City	Zhang Renfei
333	Jingzhou Securities Branch	No. 101B, S5 Commercial Street, Hengxin Spring Autumn Mansion, No. 192 West Jiangjin Road, Shashi District, Jingzhou City, Hubei Province	Chen Chen
334	Changsha Middle Furong Road Securities Branch	No. 275, 2nd Section of Middle Furong Road, Yuhua District, Changsha City	Jiang Jianjun
335	Loudi Leping Avenue Securities Branch	8/F and 9/F, No. 266, East Leping Avenue, Louxing District, Loudi City, Hunan Province	Xie Qiaoliang
336	Changsha North Shaoshan Road Securities Branch	Unit 302 Huifu Center, No. 254 North Shaoshan Road, Yuhua District, Changsha City, Hunan Province	He Boyuan
337	Xiangtan Middle Furong Road Securities Branch	No. 0101004 Zhongyi International, No. 52 Middle Furong Road, Baota Sub-district, Yuetang District, Xiangtan City	Feng Jun
338	Zhuzhou Lushan Road Securities Branch	1424, Stereo City, No. 188 Lushan Road, Tianyuan District, Zhuzhou City, Hunan Province	Xue Shan
339	Shaoyang Hongqi Road Securities Branch	No. 460 Hongqi Road, Daxiang District, Shaoyang City	Li Yalin
340	Huaihua Middle Yingfeng Road Securities Branch	Room 202, Blocks 1 and 2, Feng He Yuan, Middle Yingfeng Road, Hecheng District, Huaihua City, Hunan Province	Tan Gongxian
341	Changde Jianshe Road Securities Branch	Block 6, Hongxin Mingdu Taolin, No. 800 Jianshe Road, Jianminxiang Community, Danyang Sub-district Office, Wuling District, Changde City, Hunan Province	Li Zhengjun
342	Hengyang Jiefang Avenue Securities Branch	1/F, Zijin Garden, No. 4 Jiefang Avenue, Hengyang National High-tech Industries Development Zone, Hunan Province	Feng Ling
343	Yueyang Jianxiang Road Securities Branch	Shop 1102, Center Mansion, No. 599 Jianxiang Road, Yueyanglou District, Yueyang City	Wei Hua
344	Changsha Furong Road Securities Branch	Room 32002-32004, T6 Office Building, CFC China Finance Center, No. 303, Section 1, Middle Furong Road, Dongfenglu Sub-district, Kaifu District, Changsha City	Liu Te
345	Guangzhou North Tianhe Road Securities Branch	1-3/F, No. 90-108, North Tianhe Road, Tianhe District, Guangzhou City	Chen Yang
346	Guangzhou Middle Dongfeng Road Securities Branch	Shops 401, 402 and 403-1, 4/F, Zhujiang Yide Building, No. 362 Middle Dongfeng Road, Yuexiu District, Guangzhou City	Zhang Ruifang
347	Guangzhou 2nd Zhongshan Road Securities Branch	Unit 0, 1/F and Units 203-206/209-211, 2/F, Telecom Plaza, No. 18, 2nd Zhongshan Road, Yuexiu District, Guangzhou City	Pan Xiang
348	Guangzhou East Huanshi Road Securities Branch	Units 701, 702 and 707-709, 7/F, No. 334 East Huanshi Road, Yuexiu District, Guangzhou City	Cheng Wenjing
349	Guangzhou Huaxia Road Securities Branch	Units 02-04A (self-numbered), 24/F, Agile Centre, No. 26 Huaxia Road, Tianhe District, Guangzhou	Xiong Wenfeng
350	Zhongshan Guzhen Securities Branch	1/F and 2/F, No. 17 and 18, Zone C, Dengdu Xintiandi, Tiyu Road, Guzhen Town, Zhongshan City, Guangdong Province	Kuang Luqian



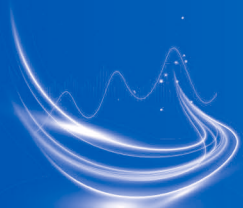
APPENDIX INFORMATION ON SECURITIES BRANCHES

No.	Name	Securities Branch Address	Person In Charge
351	Zhongshan Huangpu North Xinfeng Road Securities Branch	Shops 02, 03, 09, 10 and 11, Building 7, Lantian Jindi Garden, No. 63 North Xinfeng Road, Huangpu Town, Zhongshan City, Guangdong Province	Yang Xinsheng
352	Zhongshan Xiaolan East Shengping Road Securities Branch	Shop 223-224, Seaport City Commercial Center, No. 1 East Shengping Road, Xiaolan Town, Zhongshan City, Guangdong Province	Ye Shaowen
353	Foshan Shunde Daliang Securities Branch	Zone A, 4/F, Xindeye Business Center, Jincheng Garden, No. 11 Dongle Road, Yunlu, Daliang Sub-district, Shunde District, Foshan City, Guangdong Province	Zhang Jingmin
354	Foshan Shunde Ronggui Securities Branch	Shop No. 102C, 1/F, and Unit 1 of 4001, Block 1, Haijunda Plaza, No. 33 Middle Guizhou Avenue, Zhenhua Community, Ronggui Sub-district, Shunde District, Foshan City, Guangdong Province	Shao Xinglu
355	Foshan Shunde Lecong Securities Branch	No. 305 and No. 306, Gangmao Building, No. A1, Xinhua Road, Lecong Community Committee, Lecong Town, Shunde District, Foshan City, Guangdong Province	Qi Xixia
356	Foshan 1st Lvjing Road Securities Branch	(Residential address declaration) 3/F, No. 8, 1st Lvjing Road, Chancheng District, Foshan City	Li Kunxing
357	Foshan Nanhai North Guilan Road Securities Branch	Shop 106, Block 1, and Units 1 and 2, 12/F, Block 2, Yineng International Plaza, No. 2 North Guilan Road, Guicheng Sub-district, Nanhai District, Foshan City, Guangdong	Cao Wuquan
358	Zhanjiang Lvhua Road Securities Branch	Office 1004-1008, 10/F, Complex Building 7, and Shop 1022A, 1/F, Commercial Podium 8, No. 48 Lvhua Road, Zhanjiang Economic & Technological Development Zone	Lin Wenqing
359	Huizhou 1st Wenming Road Securities Branch	Unit 908-912, 9/F, Fushen Building, No. 9, 1st Wenming Road, Jiangbei Sub-district, Huicheng District, Huizhou City, Guangdong Province	Chen Zhenfang
360	Zhuhai Jida Road Securities Branch	Zone B, 1/F, No. 99 Jida Road, Xiangzhou District, Zhuhai City, Guangdong Province	Rong Zhifeng
361	Dongguan Middle Dongcheng Road Securities Branch	701 and 702, Junhao Business Centre, Middle Dongcheng Road, Gangbei Community, Dongcheng Sub-district, Dongguan, Guangdong Province	Sun Bao
362	Shantou Songshan Road Securities Branch	Rooms 504, 505 and 506, Block 7, West Fengzezhuang, Songshan Road, Longhu District, Shantou City, Guangdong Province	Chen Zhihua
363	Shantou Chenghai Securities Branch	1-4/F, Jingtai Plaza, Block C21, Huijing Garden, Chenghai District, Shantou City, Guangdong Province	Chen Ting
364	Shantou Chaoyang Securities Branch	No. 36 Dongshan Sub-district, Chaoyang District, Shantou City, Guangdong Province	Cai Baodong
365	Shantou Jinsha Road Securities Branch	10/F, No. 97 Jinsha Road, Shantou City, Guangdong Province	Huang Shaoyong
366	Shantou Jinsha Road Second Securities Branch	Shops 1 and 2 (101 with 201, 102 with 202) of Building 6 and Shops 1, 2 and 3 (201, 202, 203) of Building 7, Fenghua Garden, No. 192 Jinsha Road, Longhu District, Shantou City, Guangdong Province	Lan Jiekai
367	Guangzhou Panyu 1st Wanbo Road Securities Branch	Shop 216, No. 25, 3rd Huizhi Road, Shop 101-01, No. 141, 1st Wanbo Road, and Shop 101, No. 143, 1st Wanbo Road, Nancun Town, Panyu District, Guangzhou City	Liang Jian
368	Jiangmen Fazhan Avenue Securities Branch	Room 1201-1204, Block 1, Jiangmen Wanda Plaza, Pengjiang District, Jiangmen City, Guangdong Province	Chen Gang

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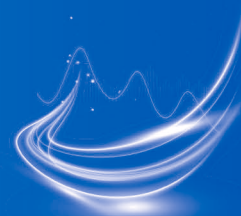
No.	Name	Securities Branch Address	Person In Charge
369	Jieyang North Linjiang Road Securities Branch	No. 102, Block N, No. 101, 113, 115, 115-1 and 116, Southern Zone, and Storage Rooms A and E, Block 12, Southern Zone, Huacheng Garden (Phase II), North Linjiang Road, Rongcheng District, Jieyang City, Guangdong Province	Cai Zelin
370	Zhanjiang Lianjiang Nanbei Avenue Securities Branch	No. 18, New Zone, Nanbei Avenue, Lianjiang, Zhanjiang City, Guangdong Province	Luo Yufeng
371	Zhaoqing Xinghu Avenue Securities Branch	Units 205H and 205I, 2/F, Hengyu City, North of Xinghu Avenue, Duanzhou District 103, Zhaoqing City, Guangdong Province	Zhu Jiankun
372	Guangzhou Nansha Haibin Road Securities Branch	115, 116, 117, 126 & 127, No. 169 Haibin Road, Nansha Sub-district, Nansha District, Guangzhou	Wang Yan
373	Zhongshan Sanxiang Jingguan Avenue Securities Branch	Shop 48, Jing Guan Hao Ting, No. 2 Jingguan Avenue, Sanxiang Town, Zhongshan City, Guangdong Province	Zou Zhijun
374	Foshan Nanzhuang North Dijing Road Securities Branch	P1, 1/F, Zone 3, No. 16 North Dijing Road, Chancheng District, Foshan City, Guangdong Province	Chen Wenfeng
375	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
376	Zhongshan Torch High-tech Industrial Development Zone Dezhong Securities Branch	One of 2 shops, 2/F, Block 1, Dezhong Plaza, No. 1 East Huizhan Road, Zhongshan Torch High-tech Industrial Development Zone	Lin Junbin
377	Dongguan Humen Avenue Securities Branch	Room 217, No. 129 Humen Avenue, Dongguan City, Guangdong Province	Ning Ximing
378	Foshan Nanhai Dali Securities Branch	Room 605, 6/F, Rui Bao Commercial Building, No. 11 Xincheng Avenue, Dali Town, Nanhai District, Foshan City, Guangdong Province	Liu Longgang
379	Zhanjiang Haibei Road Securities Branch	Shop 12, 1/F, Building 1, Country Garden House, No. 35 Haibei Road, Chikan District, Zhanjiang City, Guangdong Province	Zhuang Qing
380	Guangzhou Zengcheng Licheng Street Securities Branch	Room 1001, No. 20-1, Minle Road, Licheng Street, Zengcheng District, Guangzhou City	Yang Ruizhen
381	Guangzhou Middle Yuejiang Road Securities Branch	Rooms 106 and 301 No. 686 Middle Yuejiang Road, Haizhu District, Guangzhou City	Cheng Shixuan
382	Guangzhou West Fangcun Avenue Securities Branch	1/F and 2/F, No. 295 West Fangcun Avenue, Liwan District, Guangzhou City	Li Lijun
383	Guangzhou Guan hong Road Securities Branch	Rooms 201-205, 207 and 208, 2/F, No. 12 Guan hong Road, Luogang District, Guangzhou City	Long Ming
384	Guangzhou Jichang Road Securities Branch	Room 106A, 1/F, No. 585 Jichang Road, Baiyun District, Guangzhou City	Dong Siyi
385	Meizhou West Yanjiang Road Securities Branch	No. 32 West Yanjiang Road, Meizhou City, Guangdong Province	Wen Ni
386	Qingyuan South Yinquan Road Securities Branch	105 and 106, Commercial Building 7, Wanke Mansion, No. 31 South Yinquan Road, Xincheng, Qingyuan City, Guangdong Province	Cao Yang
387	Guangzhou East Dasha Road Securities Branch	Shops 101 and 102, No. 205 East Dasha Road, Huangpu District, Guangzhou	Huang Kengrui



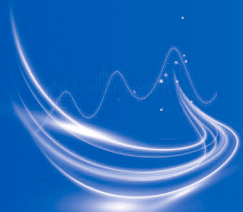
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No.	Name	Securities Branch Address	Person In Charge
388	Chaozhou Chaofeng Road Securities Branch	Shops 9-10 and Office 3 at Mezzanine and 2/F, Block A, Chaofa Garden, Chaofeng Road, Chaozhou City, Guangdong Province	Liu Zehong
389	Foshan Shunde Waihuan Road Securities Branch	Shop 17, Block 6, Poly Bund Garden, No. 2 Waihuan Road, Xiaohuangpu Residents Committee, Ronggui Sub-district, Shunde District, Foshan City, Guangdong Province	Liu Wenyi
390	Guangzhou Huacheng Avenue Securities Branch	1/F (a unit of Room 103 (self-numbered)), No. 665 Huacheng Avenue, Tianhe District, Guangzhou City	Yang Haiyan
391	Guangzhou Huadu North Fenghuang Road Securities Branch	Shop 1-2 (self-numbered), Fengshang Commercial Building, No. 10 North Fenghuang Road, Xinhua Street, Huadu District, Guangzhou City	Bi Yanhui
392	Foshan Shunde South Guotai Road Securities Branch	Shops 13 and 14, Poly Zhonghui Garden, No. 2 South Guotai Road, Dehe Residents Committee, Daliang Sub-district, Shunde District, Foshan, Guangdong Province	Shen Chun
393	Guangzhou East Binjiang Road Securities Branch	Room 101, No. 554-3 East Binjiang Road, Haizhu District, Guangzhou City	Chen Xiongwen
394	Heyuan Yuewang Avenue Securities Branch	Shops 45 & 46, Hua Yi Yuan, Guangcheng Zhongyuan Square, No. 102 Yuewang Avenue, Yuancheng District, Heyuan City, Guangdong Province	Huang Weitian
395	Huizhou Danshui Securities Branch	No. 13, 14 and 15, 16/F, Block A, Chengjie International Commercial Center, Intersection of Donghua Avenue and Baiyun Road, Danshui Sub-district, Huiyang District, Huizhou City, Guangdong Province	Zhou Xijin
396	Zhongshan Xingwen Road Securities Branch	Shop 50, 1/F, Block 7-12, Landmark Oriental, No. 13 Xingwen Road, East District, Zhongshan City, Guangdong Province	Huang Kelong
397	Dongguan Dongjun Road Securities Branch	Shops A102 & A103, Dong Jun Hao Yuan Phase I, No. 28 Dongjun Road, Hongtu Community, Nancheng Sub-district, Dongguan City, Guangdong Province	Jiang Lili
398	Shaoguan Jiaoyu Road Securities Branch	Shops 14-18, Hongye You Shan Mei Di Garden, No. 279 Kangle Village, Jiaoyu Road, Wujiang District, Shaoguan City, Guangdong Province	Zhou Qinghua
399	Foshan Shunde Yixing Road Securities Branch	(Residential address declaration) Area A10, 1/F, and Area A, 7/F, Yingfeng Center, No. 8 Yixing Road, Junlan Community, Beijiao Town, Shunde District, Foshan City, Guangdong Province	Wang Xiang
400	Zhuhai Hengqin Securities Branch	Zone B, 1/F, Building 6, Hengqin Finance Industry Development Base, Hengqin New Area, Zhuhai City	Zhou Fei
401	Shenzhen Shennan Avenue Securities Branch	Unit 4501, Block A, KingKey 100 Tower, Caiwuwei, No. 5016 East Shennan Road, Laowei Community, Guiyuan Sub-district, Luohu District, Shenzhen City	Lin Jianmin
402	Shenzhen Gaoxin South 1st Road CASTD Building Securities Branch	Room 301, Annex Building 3, CASTD Research and Development Park, No. 009 Gaoxin South 1st Road, Nanshan District, Shenzhen	Tang Zhigang
403	Shenzhen Luohu Securities Branch	1501-1506, Dongmen Financial Building, No. 2020 Middle Dongmen Road, Chengdong Community, Dongmen Sub-district, Luohu District, Shenzhen	Fang Peng
404	Shenzhen Upperhills Securities Branch	Units 5301 and 5302, Building T2, Upperhills (southern part), No. 5001 Huanggang Road, Lianhua No. 1 Village Community, Huaifu Sub-district, Futian District, Shenzhen	Mi Jingjing

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No.	Name	Securities Branch Address	Person In Charge
405	Shenzhen Jingtian Securities Branch	2/F, Saige Jing Yuan Building, No. 17 West Jingtian Road, Futian District, Shenzhen City	Lin Yibin
406	Shenzhen Xianglin Road Securities Branch	701-705 Fuchun Eastern Mansion, No. 7006 Shennan Avenue, Donghai Community, Xiangmihu Sub-district, Futian District, Shenzhen City	Dong Xinxing
407	Shenzhen First Fuhua Road Securities Branch	Units 05 and 06, 27/F, China Life Building, No. 123 1st Fuhua Road, Fu'an Community, Futian Sub-district, Futian District, Shenzhen, China	Hu Xuemei
408	Shenzhen Shenzhen Universiade Center Securities Branch	133-15 and 301-8, No. 122 Huangge Road, Ailian Community, Longcheng Sub-district, Longgang District, Shenzhen City	Zhou Lijun
409	Shenzhen Shenzhen Bay Securities Branch	Units 03B and 04B, 24/F, Block 10A, Shenzhen Bay Eco-Technology Park, No. 10 Gaoxin South 9th Road, Gaoxin Community, Yuehai Sub-district, Nanshan District, Shenzhen City	Shen Dan
410	Shenzhen Pingshan Securities Branch	810, 811 and 812, Chengtou Xin Times Building, No. 2009 Pingshan Avenue, Liulian Community, Pingshan Sub-district, Pingshan District, Shenzhen	Duan Li
411	Shenzhen OCT Securities Branch	604, Hantang Building, Overseas Chinese Town, Nanshan District, Shenzhen City	Tang Haiyan
412	Shenzhen Longhua Securities Branch	Units 2-15, 2-30 to 2-37, Block 2, Area 11, Yicheng Centre Garden, No. 3639 Longhua Avenue, Jinglong Community, Longhua Sub-district, Longhua District, Shenzhen City	Yin Xinmin
413	Shenzhen Shuibei Securities Branch	1101A, Block A, Shuibei Jewelry Headquarters Building, No. 3008 Buxin Road, Dongxiao Sub-district, Luohu District, Shenzhen, Guangdong Province	Xie Yanfeng
414	Shenzhen Jintian Road Securities Branch	2004, Zhongzhou Building, No. 3088 Jintian Road, Gangxia Community, Futian Sub-district, Futian District, Shenzhen	Jiang Mankun
415	Shenzhen Qianhai Securities Branch	Unit 605, 6/F, Block 8, One Excellence, No. 5033 Menghai Avenue, Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen	Mo Guiyong
416	Shenzhen Guangming Securities Branch	01 and 02, 02/F Building 8, Logan Acesite Park, Dongkeng Community, Fenghuang Sub-district, Guangming District, Shenzhen	Huang Huican
417	Shenzhen Bantian Securities Branch	No. 201, 2/F, Tower D, Galaxy WORLD, No. 1 Yabao Road, Bantian Sub-district, Longgang District, Shenzhen	Li Kaien
418	Shenzhen Nanshan Coastal City Securities Branch	Unit 1111, East Block, Coastal Building, No. 15 Haide 3rd Road, Yuehai Sub-district, Nanshan District, Shenzhen	Hu Yuehang
419	Shenzhen Cloud Park Securities Branch	106, Building 2, Phase 1, Cloud Park, Gangtou Community, Bantian Sub-district, Longgang District, Shenzhen	Zhang Haiyu
420	Nanning South Yuanhu Road Securities Branch	No.12-2 South Yuanhu Road, Qingxiu District, Nanning City	Wei Hanyong
421	Guilin Middle Zhongshan Road Securities Branch	403-1, 4/F, Bagui Building, No. 29 Middle Zhongshan Road, Xiufeng District, Guilin City, Guangxi Zhuang Autonomous Region	Li Jiaping
422	Liuzhou Youyi Road Securities Branch	Room 2-2, You Yi Guo Ji, Building 11, No. 4 Youyi Road, Liuzhou City	An Ran
423	Hezhou Middle Jianshe Road Securities Branch	Shop on 1/F, Block A, No. 31 Middle Jianshe Road, Babu District, Hezhou City, Guangxi	Chen Zibiao



APPENDIX INFORMATION ON SECURITIES BRANCHES

No.	Name	Securities Branch Address	Person In Charge
424	Yulin East Guangchang Road Securities Branch	No. 139 East Guangchang Road, Yuzhou District, Yulin City, Guangxi	Yang Zhenghao
425	Nanning South Jinhu Road Securities Branch	No. 1, Shop C1, Building C, Shengzhan Independent Commune, South Jinhu Road, Qingxiu District, Nanning City	Li Zhong
426	Haikou Guoxing Avenue Securities Branch	Rooms C408, C409, C410 and C411, 4/F, East Building, Block B, Plot S5, Glory City, No. 11 Guoxing Avenue, Meilan District, Haikou, Hainan Province	Chen Weihong
427	Sanya Yingbin Road Securities Branch	2/F, Shop 3, Zone 5, Shanshui Tianyu Community, Yinbin Road, Jiyang District, Sanya, Hainan Province	Shen Yongzhi
428	Danzhou Zhongxing Street Securities Branch	West side of the 1/F, No. 112-1, Zhongxing Street, Nada, Danzhou City, Hainan Province	Zhao Yun
429	Chongqing Minzu Road Securities Branch	3/F, Block B, No. 108 Minzu Road, Yuzhong District, Chongqing City	Yan Huaqiao
430	Chongqing Jiangnan Avenue Securities Branch	Room 5-1, Chengshizhiguang Building, No. 19 Jiangnan Avenue, Nanping Sub-district, Nan'an District, Chongqing City	Tang Hewen
431	Chongqing Mixc Securities Branch	No. 2-1, Block 26, No. 55 Xiejiawan Main Street, Jiulongpo District, Chongqing City	Xiao Yang
432	Chongqing East Jianxin Road Securities Branch	2/F, Baiyexing Building, No. 3 East Jianxin Road, Jiangbei District, Chongqing City	Liu Yu
433	Chongqing Liangjiang Securities Branch	No. 97 and No. 99 South Qingfeng Road, Yubei District, Chongqing City	Chen Yu
434	Chongqing Jiangjin Securities Branch	Unit 3-1, Block 1, Xiangrui Building, No. 518 Dingshan Road, Dingshan Sub-district, Jiangjin District, Chongqing City	Liu Yu
435	Chongqing Shanan Street Securities Branch	Annex No. 1, No. 3 Nanyuan, Shapingba District, Chongqing	Xiong Feng
436	Chongqing Danzishi Securities Branch	Annexes 32, 33 and 34, No. 17 Qunhui Road, Nan'an District, Chongqing	Li Guipeng
437	Chongqing Ruitian Road Securities Branch	No. 56-7, Ruitian Road, Yuzhong District, Chongqing City	Liu Yi
438	Chongqing Wanzhou Securities Branch	No. 83 Gaosuntang, Wanzhou District, Chongqing City	Fu Xiangyang
439	Chongqing Fengtian Avenue Securities Branch	No. 122 and No. 123, No. 136 Fengtian Avenue, Shapingba District, Chongqing	Nie Yong
440	Chongqing Jiangbeizui Securities Branch	(Self-numbered A1-1) 2-1, Annex No. 2, No. 16 Financial Street, Jiangbei District, Chongqing City	Wang Yuanyuan
441	Chengdu Yizhou Avenue Securities Branch	No. 201, 2/F, Unit 1, Block 1, No. 555 Yizhou Avenue Middle Section, Hi-tech Zone, Chengdu City, China (Sichuan) Pilot Free Trade Zone	Li Shuxue
442	Chengdu North Erhuan Road Securities Branch	No. 8 North 1st Section, Erhuan Road, Chengdu City	Fan Jungang
443	Chengdu Chengfei Avenue Securities Branch	2/F, No. 123 Jingyi Road, Chengfei Avenue, Huangtianba, Chengdu City	Xu Cheng
444	Chengdu Jianshe Road Securities Branch	No. 9 Jianshe Road, Chenghua District, Chengdu City	Li Yun
445	Chengdu North Kehua Road Securities Branch	No. 139 North Kehua Road, Chengdu City, Sichuan Province	Wang Hong

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No.	Name	Securities Branch Address	Person In Charge
446	Meishan Renshou Guangming Road Securities Branch	No. 389, Section 2 of Guangming Road, Wenlin Town, Renshou County	Liu Xiaobin
447	Leshan Ruiyun Road Securities Branch	2/F, No. 261 Ruiyun Road, Shizhong District, Leshan City	Chen Jun
448	Bazhong Yuntai Street Securities Branch	Shops 1-6 and 1-7, Shizhongxing Complex, Jiangbei Avenue, Bazhong City, Sichuan Province	Huang Liang
449	Mianyang Anchang Road Securities Branch	1/F, No. 33 Anchang Road, Fucheng District, Mianyang City, Sichuan Province	Liu Xiayun
450	Neijiang Yuxi Road Securities Branch	No. 147, No. 149 and No. 151, Yuxi Road, Shizhong District, Neijiang City, Sichuan Province	Lin Hong
451	Chengdu Shuangliu Yingchun Road Securities Branch	No. 66, Section 4 of Yingchun Road, Dongsheng Sub-district, Shuangliu District, Chengdu City, Sichuan Province	Chen Qiang
452	Deyang Kaijiang Road Securities Branch	No. 1-6, Block A, Kai Jiang Xin Cheng, No. 336, Section 1 of Kaijiang Road, Jingyang District, Deyang City, Sichuan Province	Kuang Yuwei
453	Chengdu Wenjiang Wenhua Road Securities Branch	No. 22, 1/F, Block 15, No. 1 Wenhua Road, Liucheng, Wenjiang District, Chengdu	Wang Wei
454	Chengdu Longquanyi South Longdu Road Securities Branch	No. 1, 2 & 3, 2/F, No. 4 South Longdu Road, Longquan Sub-district, Longquanyi District, Chengdu City, Sichuan Province	Zheng Junxia
455	Chengdu Wuyang Avenue Securities Branch	1/F, No. 65 & 67 Wuyang Avenue Section 3, Wuhou District, Chengdu	Hu Ke
456	Guiyang North Changling Road Securities Branch	Units 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, Guanshanhu District, Guiyang, Guizhou Province	Shang Chao
457	Guiyang Beijing Road Securities Branch	No. 4, 1/F, Xindou Wealth Building, No. 27 Beijing Road, Yunyan District, Guiyang City, Guizhou Province	Li Cheng
458	Zunyi Xianggang Road Securities Branch	D2/F, Yinggang Tower, Xianggang Road, Huichuan District, Zunyi City, Guizhou Province	Wang Jiayong
459	Kunming West Dongfeng Road Securities Branch	9/F, Shunchengdongta Building, No. 11 West Dongfeng Road, Kunming City, Yunnan Province	Qi Wei
460	Kunming Baita Road Securities Branch	Xingyao Building, No. 393 Baita Road, Panlong District, Kunming City, Yunnan Province	Wang Anyuan
461	Kunming Minhang Road Securities Branch	Unit 7-A, Tower A, Yunnan Chengtou Building, No. 400 Minhang Road, Guanshang Zhongxin Residents Committee, Guanshang Sub-district Office, Guandu District, Kunming Area of China (Yunnan) Pilot Free Trade Zone	Shen Yanbin
462	Yiliang Huayuan Street Securities Branch	2/F, Block 6, Vision City Plaza, Huayuan Street, Yiliang County, Kunming City, Yunnan Province	Yang Shuangyi
463	Chuxiong South Lucheng Road Securities Branch	No. 154 South Lucheng Road, Chuxiong, Chuxiong Prefecture, Yunnan Province	Chen Dedong
464	Qujing South Qilin Road Securities Branch	Shop A2008, 1/F, Blocks A, B, C and D, "Zhongtianjiayuan Phase I" Community, intersection of South Qilin Road and East Wenchang Street, Qilin District, Qujing City, Yunnan Province	Tian Feng
465	Xi'an East Youyi Road Securities Branch	No. 51 East Youyi Road, Beilin District, Xi'an City, Shaanxi Province	Huang Yaguang



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No.	Name	Securities Branch Address	Person In Charge
466	Xi'an Heping Road Securities Branch	Jiateng Building, No. 112 Heping Road, Beilin District, Xi'an City, Shaanxi Province	Wang Juan
467	Baoji High-tech Development Zone Avenue Securities Branch	No. 59, High-tech Development Zone Avenue, Baoji City, Shaanxi Province	Zhao Liang
468	Xi'an Third Yannan Road Securities Branch	Room 20101, Unit 2, Block 11, Qu Chi Fang, No. 89 West Furong Road, Qujiang New Area, Xi'an	Li Xudong
469	Weinan Duhua Road Securities Branch	Shop 103, Building 10, Su Yan Feng Jing, Southeastern Corner of the Intersection of Chelei Street and Duhua Road, Linwei District, Weinan City, Shaanxi Province	Zhang Yong
470	Xi'an Jinye Road Securities Branch	Commercial B1-101, Jinye Times Project, No. 32 Jinye Road, Xi'an High-tech Industries Development Zone	Liu Shumeng
471	Lanzhou West Donggang Road Securities Branch	3/F-2, Changye Gold Tower, No. 621 West Donggang Road, Chengguan District, Lanzhou City, Gansu Province	Zhao Gong
472	Baiyin Hongxing Road Securities Branch	Unit 1-01, Block 7, No. 280 Hongxing Road, Baiyin District, Baiyin City, Gansu Province	Zhou Fei
473	Pingliang Dongda Street Securities Branch	No. 24 Dongda Street, Kongdong District, Pingliang City, Gansu Province	Sun Xiaoming
474	Jiuquan Xiuyuan Road Securities Branch	Block 4, North Zone, Xin Xin Hua Yuan, No. 1 Xiuyuan Road, Suzhou District, Jiuquan City, Gansu Province	Wang Jian
475	Xining Beida Street Securities Branch	4/F, No. 30 Beida Street, Chengzhong District, Xining City, Qinghai Province	Tang Haiying
476	GoImud South Kunlun Road Securities Branch	No. 20 South Kunlun Road, Golmud, Qinghai Province	Zhang Longlong
477	Xining Changjiang Road Securities Branch	No. 106-26 Changjiang Road, Chengzhong District, Xining City, Qinghai Province	Feng Qing
478	Xining Xiadu Street Securities Branch	No. 220 Xiadu Street, Chengdong District, Xining City, Qinghai Province	Cao Li
479	Yinchuan West Jiefang Street Securities Branch	No. 126 West Jiefang Street, Xingqing District, Yinchuan	Zhao Zhihao
480	Shizuishan West Chaoyang Street Securities Branch	No. 1 West Chaoyang Street, Shizuishan, Ningxia	Chen Guang
481	Wuzhong West Wuling Road Securities Branch	No. 231 & 233 West Wuling Road, Litong District, Wuzhong City, Ningxia	Sun Yuejiao
482	Urumqi North Jiefang Road Securities Branch	No. 90 & 112, North Jiefang Road, Tianshan District, Urumqi City, Xinjiang	Kong Lingguo
483	Changji Securities Branch	2/F (Building 1, Hill 2, Zone 1), Annex, Office Building of China Post's Changji Branch, No. 2 North Yan'an Road, Changji City, Xinjiang	Jiang Yuliang
484	Hami Securities Branch	No. 1, 1/F, Jinglong Building, No. 35 North Tianshan Road, Yizhou District, Hami City, Xinjiang	Zhang Jun
485	Yining Shandong Road Securities Branch	Room 202, Block 3, Zone D, Yingjian Wu Tong Li Jing, No. 219 Shandong Road, Yining Border Economic Cooperative Zone, Ili Prefecture, Xinjiang	Liu Junzheng
486	Aksu Nanda Avenue Securities Branch	7/F, No. 2 Nanda Avenue, Aksu City, Aksu Prefecture, Xinjiang	Jiang Xuefeng
487	Lhasa Middle Jinzhu Road Securities Branch	No. 32, 4/F, Building 2, Master Town, No. 7 Middle Jinzhu Road, Chengguan District, Lhasa	Liu Wei



For more information, please refer to :

