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

**(Stock Code: 6099)**

## **RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023**

The Board of Directors (the “**Board**”) of China Merchants Securities Co., Ltd. (the “**Company**”) hereby announces the audited results of the Company and its subsidiaries (the “**Group**”) for the year ended December 31, 2023. This announcement, containing major parts of the 2023 annual report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of annual results.

The Group’s annual results for the year ended December 31, 2023 have been reviewed by the audit committee under the Board.

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

This results announcement will be published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website (<http://www.cmschina.com>).

The Company will dispatch the 2023 annual report in printed version to holders of H Shares upon request and will publish the 2023 annual report on the websites of the Company and The Stock Exchange of Hong Kong Limited.

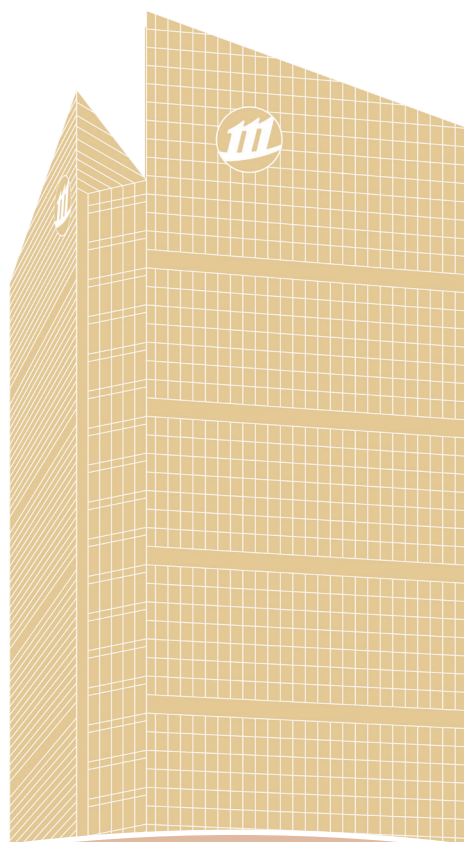
By Order of the Board  
**China Merchants Securities Co., Ltd.**  
**HUO Da**  
*Chairman*

Shenzhen, the PRC  
March 28, 2024

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

CMS  招商证券

HELPING CHINA'S ECONOMIC  
RESTRUCTURING AND UPGRADING, AND  
HELPING TO PRESERVE AND INCREASE  
THE VALUE OF SOCIAL WEALTH



# Important Notice

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**I. The Board, the Supervisory Committee, Director(s), Supervisor(s) and senior management of the Company undertake that the information in this annual report is true, accurate and complete and contains no false record, misleading statement or material omission, and assume joint and several liabilities to the information in this report.**

**II. All Directors of the Company attended the Board meeting.**

**III. Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu have issued standard unqualified auditor's reports for the Company.**

**IV. HUO Da, officer in charge of the Company, LIU Jie, officer in charge of accounting matters of the Company, and WANG Jianping, officer in charge of the accounting office of the Company (head of accounting department), hereby warrant that the financial statements contained in this annual report are true, accurate and complete.**

**V. Proposal on profit distribution or capitalization of common reserve for the Reporting Period considered and approved by the Board**

The Company will not allocate profit to the statutory reserve for 2023. Based on the total share capital registered on the equity registration date for equity distribution, a cash dividend of RMB2.52 (tax inclusive) for every 10 shares will be distributed to all shareholders; no bonus shares will be distributed; and no capital reserve will be converted to share capital.

Based on the total number of shares of the Company of 8,696,526,806 shares as of December 31, 2023, the total distributed profit is RMB2,191,524,755.11. If the Company's total share capital changes on the equity registration date for equity distribution, the Company will keep the total distribution unchanged and adjust the distribution per share accordingly.

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

Upon consideration and approval of the 2023 annual profit distribution plan at the 2023 annual general meeting of the Company, the Company will distribute the 2023 annual cash dividend before August 30, 2024. The Company will make separate announcement regarding the record date of such H Share dividend distribution, the period of closure of register of members, the equity registration date for A Share dividend distribution and the specific payment date.

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

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

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

No

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

No

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

No

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

**XI. Warning on material risks**

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

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

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

## Keeping pace with the times, building a premier investment bank – Statement of HUO Da, the Chairman of the Board, for the 2023 annual report

“ 2023 is the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China. The Central Committee of the Party issued the strategic deployment of “accelerating the construction of a financial powerhouse”, propelling a modern capital market with Chinese characteristics into the phase of full implementation of the registration-based IPO system. In step with the times, China Merchants Securities has reinforced its sense of mission, taking a solid step forward towards high-quality development. The five-year strategic plan from 2019 to 2023 concluded successfully. ”

**In this year of firm determination, our Company’s Party building has achieved new results, providing even stronger support for high-quality development.** We remained steadfast in advancing along the path of financial development with Chinese characteristics, embodying the essence of Chinese financial culture. We conscientiously implemented the spirit of the 20th National Congress of the Communist Party of China and the second plenary session of the 20th Communist Party of China Central Committee, as well as the decisions and deployments of the Central Economic Work Conference and the Central Financial Work Conference. The Company has earnestly carried out thematic education on studying and implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, conducted extensive investigations and studies, and transformed the outcomes of thematic education and research into the intrinsic driving force for reform and development. Party building and business operations mutually reinforce each other.

**Throughout this year, we have made progress while maintaining stability, with our profitability ranking at the forefront of the industry, demonstrating even greater potential for high-quality development.** Despite the downward pressure in the market, we have persevered, focusing on both increasing revenue and reducing costs. Our operating income, net profit and ROE increased by 3%, 9% and 0.37 percentage point year-on-year, respectively. Our net profit margin and the ratio of business and management expenses remain industry-leading. The AUM of wealth management reached a historic high, overall financial market investments have remained stable and substantial, and various businesses such as investment banking, custody, futures and private equity investments have all shown highlights. Various types of risk losses have been maintained at relatively low levels, and asset quality remains excellent.

**In this transformative year, the Company’s reform efforts have gradually borne fruit, injecting stronger momentum into high-quality development.** The Company was named as a “benchmarking” (標桿) enterprise in the “Double-hundred Enterprises” (雙百企業) special assessment in 2022, propelling us to advance further in a new round of reform and innovation. We aim to sustain vitality, enhance motivation, and improve capabilities through continuous reform. We have delved deeper into performance assessments and organizational mechanism reforms, along with furthering the reform of market-oriented personnel management mechanisms. The initial effects of the transformation towards modern investment banking were becoming evident, with improvements in both the quality and ranking of our investment banking business. Moreover, we have actively promoted digitalization, fortifying our “safety protection net” for information technology, and pioneering the industry’s first comprehensive cloud-native multi-cloud platform for information technology application innovation.

**This past year marked a breakthrough for the Company, concluding the five-year strategic period from 2019 to 2023 on a high note. Throughout these five years of exploration and endeavor, China Merchants Securities has taken on the role of a pioneer in reform as one of the first “Double-hundred Enterprises”, driving organizational transformation and technological innovation with unprecedented vigor. This effort has fostered a new momentum for high-quality development. In terms of our principal businesses in wealth management and institutional business, investment banking and investments, we have restructured new models, leading the industry by implementing the coordination mechanism of “investment, research and investment banking” (三投), shaping a modern investment banking development framework. Our hard work over the past five years has yielded significant results. The Company’s asset size has**



**doubled**, reaching RMB695.9 billion by the end of 2023, representing an increase of 128% compared to the end of 2018, marking another milestone in asset scale. **Our operating performance recorded remarkable results**, with an average annual operating income of RMB22.29 billion and an average net profit of RMB9.06 billion from 2019 to 2023, representing an increase of 53% and 49%, respectively, compared to the 2014-2018 strategic period. **Our profitability has been leading**, with the Company ranking 5th, 7th and 8th in net assets and 5th, 4th and 5th in net profit attributable to shareholders of the parent company for 2021, 2022 and the first three quarters of 2023, consistently maintaining a position in the top five of the industry. **During this period, we have solidified our foundation** by establishing competitive advantages in custody, wealth management, private equity and derivative investments while building cost management advantage and building a robust compliance and risk control system. We have systematically addressed historical legacy risks, positioning our asset quality at the forefront of the industry and laying a solid foundation for stable and robust development.

Looking ahead to 2024, as the People's Republic of China celebrates its 75th anniversary and enters a critical year of the "14th Five-Year Plan", the capital market will play a crucial role in serving the construction of a prosperous nation and the great rejuvenation of the Chinese nation. The development of the securities industry is entering a new stage characterized by quality over quantity. China Merchants Securities will embark on a new five-year strategic planning period, moving in step with the times and advancing alongside the capital market. Centered around the goal of excelling in "five major areas", the Company will accelerate innovation and transformation. The Company will set its sights on the forefront of technology finance, seizing opportunities in the green finance arena, tackling the imperative challenges of

inclusive finance, exploring new frontiers in elderly care finance, and fortifying our defenses in digital finance, all in service of fostering the development of new high-quality productive forces. We will persistently and vigorously pursue excellence in modern investment banking, wealth management, and digital transformation, cultivating fresh sources of profit growth. Our aim is to establish an agile organization characterized by client-oriented, supported by digitalization, efficient collaboration, and lean management practices.

The road to greatness is not solitary; we forge ahead together. China Merchants Securities will stride forward confidently towards becoming a top-tier investment bank and investment institution, serving national strategies and the real economy, providing better services to customers, creating greater value for shareholders, and shouldering more social responsibilities. Let's join hands and strive for excellence together on the path to greatness, achieving success through collaboration!

A stylized, handwritten signature in black ink, consisting of several fluid, connected strokes.

**HUO Da**

Chairman of the Board, Executive Director and  
Chief Information Officer

## Embarking on a new journey to build a top-tier investment bank –Statement of WU Zongmin, the President of the Company, for the 2023 annual report

“ 2023 is the final year of the Company’s 2019-2023 five-year reform strategy. In the face of a complex external business environment, and with strong care and support from various sectors of the society, China Merchants Securities has adhered to steady operations, actively responded to market fluctuations, maintained strategic focus, strengthened strategy implementation, enhanced marketing and expanded income, promoted change and transformation, prevented risks and stabilized operations, and achieved good results, marking a successful conclusion to the five-year reform strategy. ”

**Firstly, overall performance has grown against the odds, and key market rankings have steadily improved.** In 2023, the Company withstood market downturn pressure, consolidated its competitive advantages in cost control and risk prevention, and achieved a year-on-year growth in operating income, net profit and ROE, maintaining excellent profitability. Several key business competitiveness indicators ranked in the "top five" or achieved "upward movement": net income market share of the parent company ranking for agency trading of securities maintained top four (January to September), margin financing and securities lending and stock pledge, both in terms of scale and revenue, remained in top five (January to September), the AUM of equity plus hybrid mutual funds and non-monetary mutual funds ranked in top five, and leading the industry for ten consecutive years in terms of the amount of private investment funds under custody, with improvements in key rankings in investment banking such as IPO underwriting amount and number of projects underwritten.

**Secondly, the transformation and reform have been deepened, and core competitiveness has been enhanced.** In 2023, the Company made new progress in several key transformation and reform initiatives, successfully being named as a "benchmarking" (標桿) enterprise in the "Double-hundred Enterprises" (雙百企業) special assessment of the SASAC in 2022. The Company has adhered to a client-oriented approach, deepening the transformation and upgrading of core businesses such as investment banking, wealth management and institutions, comprehensively

enhancing the service level for enterprises, institutional and individual clients. The Company has concentrated its resources to build a strong modern investment bank, firmly promoting the transformation of investment banking and the reform of the investment banking development model. The transformation and upgrading towards wealth management has been deepened, with an aim to creating distinctive characteristics in wealth management of securities companies. The Company has enhanced the comprehensive service capabilities for institutional clients, continuously promoted the implementation of the institutional client manager system, and improved the institutional client marketing and service system from multiple aspects such as strategy, mechanism, team, process and system.

**Thirdly, professional capabilities have steadily improved, laying a solid foundation for sustainable development.** In 2023, the Company focused on enhancing its professional capabilities in key areas such as digitalization, collaboration and risk control, actively building core competitive advantages to lay a more solid foundation for long-term, sustainable development. The Company has built "digital CMS" (數字招證), focusing on enhancing digital capabilities, comprehensively upgrading the digital organizational structure, and successfully completed the construction of the ten major digitalization strategy projects, effectively empowering the development of core businesses. The construction of the next-generation core trading system achieved milestone results. The Company has continuously enhanced collaborative capabilities around the



concept of "One CMS" (一個招證). We have improved our collaborative management mechanisms, closely tracked actual business development, optimized collaborative scenarios, and continuously iterated to improve the functionality of the collaborative transaction system. The establishment of "Quality CMS" (質量招證) aimed to comprehensively enhance risk control capabilities. It took a comprehensive approach to prevent and resolve risks in key areas, strengthened substantive professional review and monitoring of large-scale and high-risk businesses, ensuring the continuous high quality of assets.

2024 marks the beginning of the Company's new five-year development strategy and is also a critical year in the Company's development during the "14th Five-Year Plan" period. The Company will adhere to the principles of stability and progress, promoting stability through progress, implementing the new development concepts fully, accurately and comprehensively, seeking the Company's position in the overall national development and strategic layout, seeking development opportunities in serving the major goals needed by the country, coordinating efforts to expand revenue, upgrade transformation, innovate reform, and prevent and control risks, focusing on five major areas: technology finance, green finance, inclusive finance, pension finance and digital finance, based on industry characteristics and a differentiated development path, continuously promoting the transformation of modern investment banking, embarking on a new five-year strategic journey, and achieving high-quality

development to reach new heights.

We believe that with strong support and care from shareholders and various sectors of the society, under the solid leadership of the Board of the Company, China Merchants Securities will continue to maintain a good development momentum and contribute to the construction of a financial powerhouse with its high-quality development, contribute more to the development of modern capital market with Chinese characteristics, and take solid new steps in the journey to build a top-tier investment bank!

A stylized handwritten signature in black ink, consisting of the Chinese characters '吴宗敏'.

**WU Zongmin**

Executive Director, President



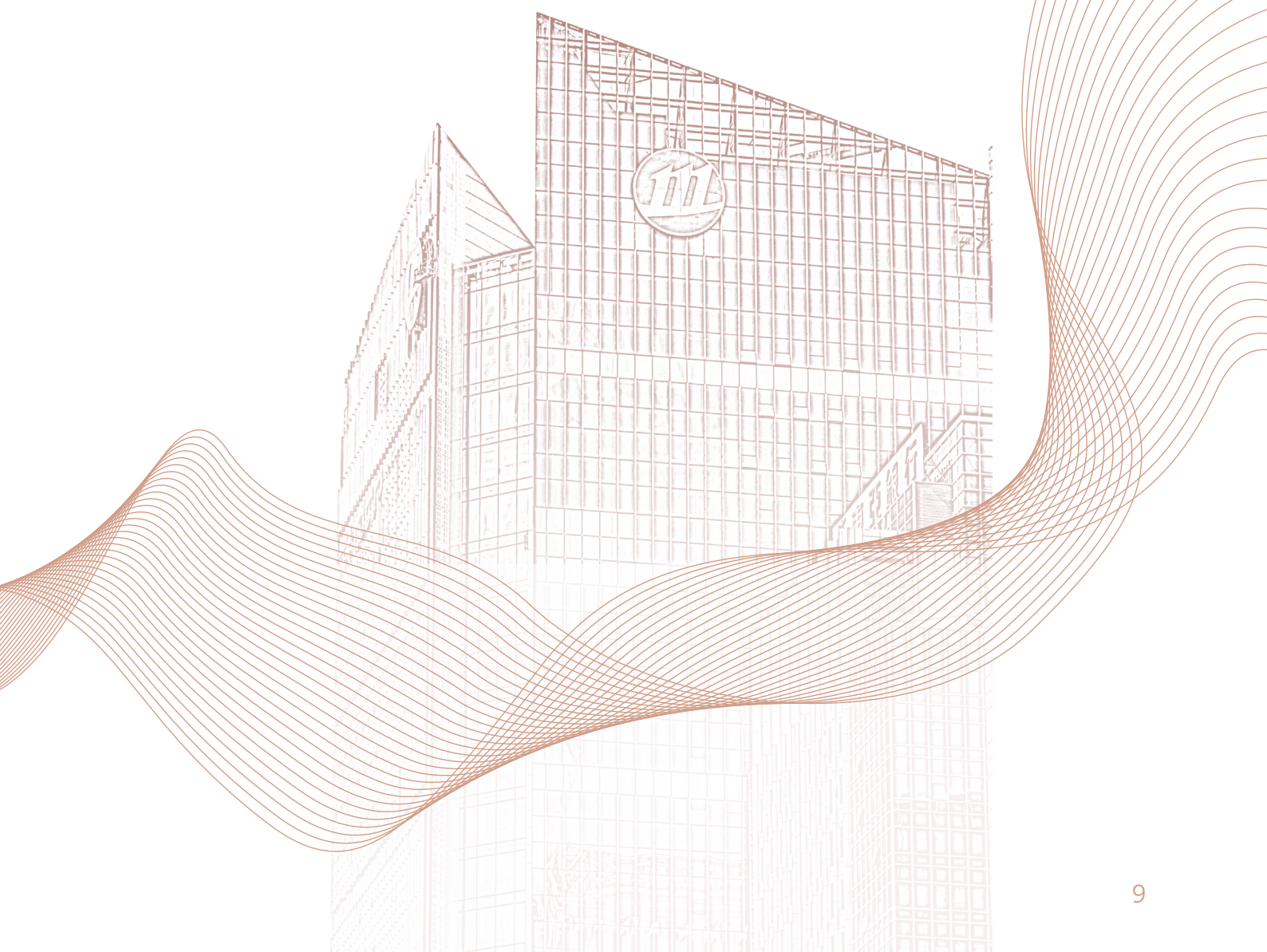
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# 01

## Definitions



# Chapter 1: Definitions

## I. Definitions

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

Common terms and expressions	
"Company Law"	the Company Law of the PRC (《中華人民共和國公司法》)
"Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》)
"Articles of Association"	the Articles of Association of China Merchants Securities Co., Ltd.
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"SFC"	the Securities and Futures Commission of Hong Kong
"CSRC Shenzhen Office"	the Shenzhen office of the China Securities Regulatory Commission
"CIRC"	China Insurance Regulatory Commission (中國保險監督管理委員會), currently known as the State Administration of Financial Supervision and Administration (國家金融監督管理總局)
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"SSE"	the Shanghai Stock Exchange (上海證券交易所)
"SZSE"	the Shenzhen Stock Exchange (深圳證券交易所)
"BSE"	the Beijing Stock Exchange (北京證券交易所)
"SSE website"	<a href="https://www.sse.com.cn">https://www.sse.com.cn</a> , the website of the Shanghai Stock Exchange
"CSDC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Authorized Representative of the Hong Kong Stock Exchange"	the authorized representative under Rule 3.05 of the Hong Kong Listing Rules
"Hong Kong Stock Exchange website"	<a href="https://www.hkexnews.hk">https://www.hkexnews.hk</a> , the website of The Stock Exchange of Hong Kong Limited (HKExnews)
"Company", "China Merchants Securities", "us"	China Merchants Securities Co., Ltd., a joint stock company incorporated in August 1993 as a corporate legal person under PRC laws with limited liability, the H Shares and A Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 06099) and on the SSE (stock code: 600999), respectively

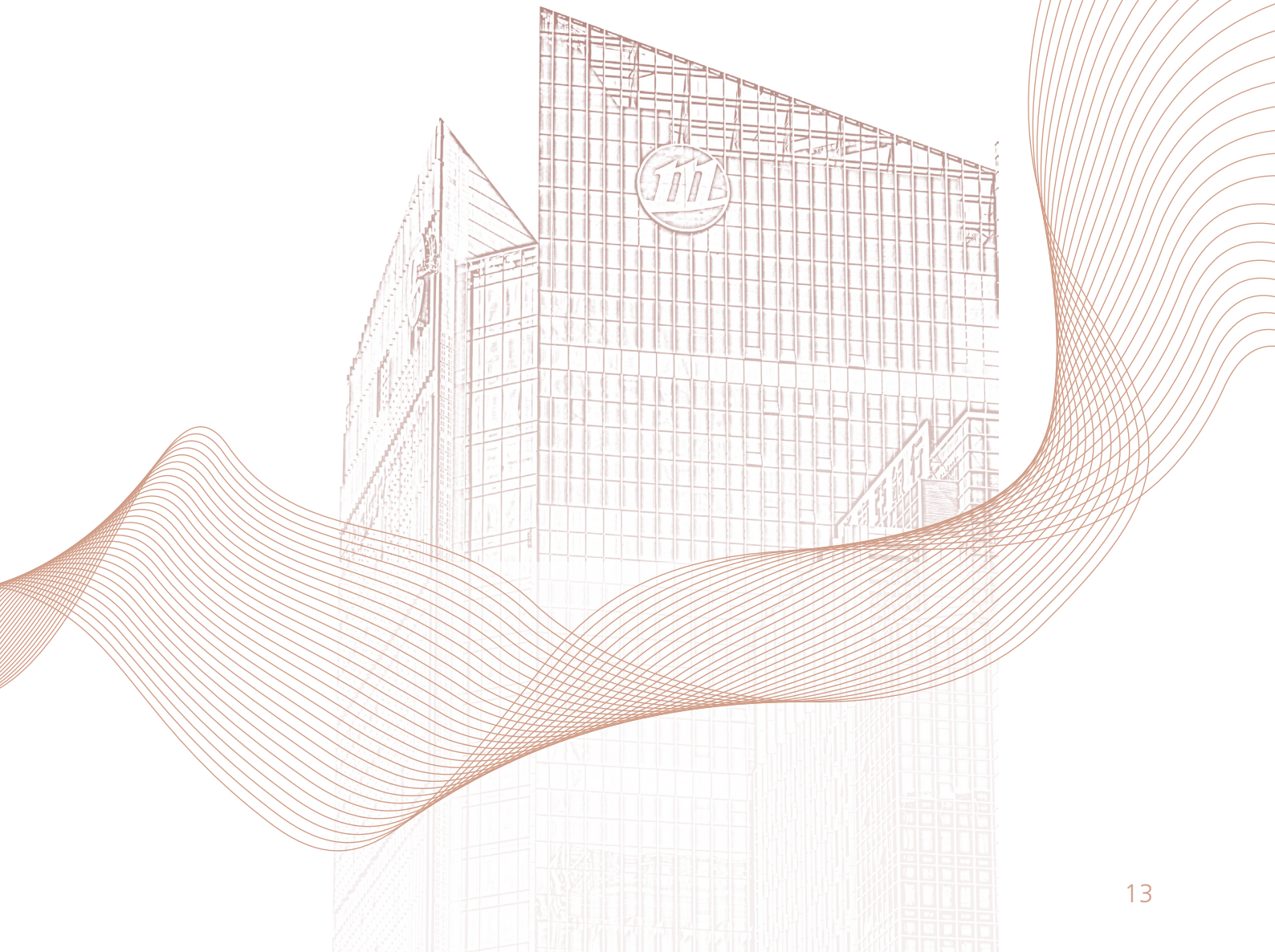
Common terms and expressions	
“Group”	China Merchants Securities Co., Ltd. (招商證券股份有限公司) and its controlled subsidiaries
“Company’s website”	<a href="https://www.cmschina.com">https://www.cmschina.com</a> , the website of China Merchants Securities Co., Ltd.
“China Merchants Group”	China Merchants Group Limited (招商局集團有限公司)
“CM Financial Holdings”	China Merchants Financial Holdings Co., Ltd. (招商局金融控股有限公司), formerly known as “China Merchants Finance Investment Holdings Co., Ltd.” (深圳市招融投資控股有限公司)
“CM Finance Investment”	China Merchants Finance Investment Holdings Co., Ltd. (深圳市招融投資控股有限公司), currently known as “China Merchants Financial Holdings Co., Ltd.” (招商局金融控股有限公司)
“Jisheng Investment”	Shenzhen Jisheng Investment Development Co., Ltd. (深圳市集盛投資發展有限公司)
“Yan Qing Investment”	Shenzhen Yan Qing Investment and Development Co., Ltd. (深圳市晏清投資發展有限公司)
“Chu Yuan Investment”	Shenzhen Chu Yuan Investment and Development Co., Ltd. (深圳市楚源投資發展有限公司)
“China Ocean Shipping”	China Ocean Shipping Co., Ltd. (中國遠洋運輸有限公司)
“China Merchants Bank”	China Merchants Bank Co., Ltd. (招商銀行股份有限公司)
“CMS International”	China Merchants Securities International Company Limited (招商證券國際有限公司)
“China Merchants Futures”	China Merchants Futures Co., Limited (招商期貨有限公司)
“CMS Zhiyuan Capital”	China Merchants Zhiyuan Capital Investment Co., Ltd. (招商致遠資本投資有限公司)
“CMS Investment”	China Merchants Securities Investment Co., Ltd. (招商證券投資有限公司)
“CMS Asset Management”	China Merchants Securities Asset Management Co., Ltd. (招商證券資產管理有限公司)
“Bosera Funds”	Bosera Asset Management Co., Limited (博時基金管理有限公司)
“China Merchants Fund”	China Merchants Fund Management Co., Ltd. (招商基金管理有限公司)
“Shanghai Pilot Free Trade Zone Branch”	the Shanghai Pilot Free Trade Zone branch
Everbright Securities	Everbright Securities Company Limited
Ping An Securities	Ping An Securities Co., Ltd.
CITIC Securities	CITIC Securities Company Limited

## Chapter 1: Definitions

Common terms and expressions	
Galaxy Securities	China Galaxy Securities Co., Ltd.
GF Securities	GF Securities Co., Ltd.
Huatai United Securities	Huatai United Securities Co., Ltd.
Zhongtai Securities	Zhongtai Securities Co., Ltd.
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“A Share(s)”	domestic share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange (stock code: 600999)
“H Share(s)”	overseas-listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on The Stock Exchange of Hong Kong Limited (stock code: 06099)
“A Shareholder(s)”	holders of A Shares
“H Shareholder(s)”	holders of H Shares
“RMB”, “RMB10,000”, and “RMB100 million”	Renminbi 1 Yuan, Renminbi 10,000 Yuan and Renminbi 100 million Yuan
“NEEQ”	the National Equities Exchange and Quotations for medium and small-sized enterprises
“STAR Market”	the Science and Technology Innovation Board of the SSE
“VaR”	value at risk
“APP”	Application
“IPO”	initial public offering
“Reporting Period” and “Current Period”	from January 1, 2023 to December 31, 2023
“Previous Period”	from January 1, 2022 to December 31, 2022
“Latest Practicable Date”	March 28, 2024
“Board”	the board of directors of the Company
“Director(s)”	the director(s) of the Company
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company

# 02

## Corporate Profile and Key Financial Indicators



## Chapter 2: Corporate Profile and Key Financial Indicators

### I. Corporate Information

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

#### Registered capital and net capital of the Company

Unit: Yuan Currency: RMB

	As at the end of the Reporting Period	As at the end of last year
Registered capital	8,696,526,806.00	8,696,526,806.00
Net capital	79,370,429,988.47	70,444,812,948.68

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

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

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

## Chapter 2: Corporate Profile and Key Financial Indicators

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



## Chapter 2: Corporate Profile and Key Financial Indicators

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

## Chapter 2: Corporate Profile and Key Financial Indicators

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

## Chapter 2: Corporate Profile and Key Financial Indicators

No.	Qualification	Approval authority	Date of approval
55	Licence for special institutional client business of insurance companies	CIRC	January 2013
56	Qualification for sale of financial products	CSRC Shenzhen Office	December 2012
57	Qualification of lead underwriting debt financing instruments of non-financial enterprises	National Association of Financial Market Institutional Investors	November 2012
58	Qualification to provide comprehensive custodian services for private investment funds	The Institution Supervision Department (currently known as the Securities and Fund Institution Supervision Department) of the CSRC	October 2012
59	Licence for margin financing loan	China Securities Finance Co., Ltd.	August 2012
60	Qualification of underwriting private placement bonds of small and medium enterprises	Securities Association of China	June 2012
61	Licence for stock repurchase business	CSRC	May 2012
62	Qualification for dealer-quoted bond pledged repo transactions	The Institution Supervision Department (currently known as the Securities and Fund Institution Supervision Department) of the CSRC	January 2012
63	Qualification for third-party custodian services for one customer – multiple bank services	CSRC Shenzhen Office	June 2011
64	Ordinary member for settlement	Shanghai Clearing House	November 2010
65	Qualification for margin financing and securities lending business	CSRC	June 2010
66	Licence for direct investment business	CSRC	August 2009
67	Qualification for intermediary introduction business for China Merchants Futures	CSRC	February 2008
68	Category A clearing participant of China Securities Depository and Clearing Corporation Limited	China Securities Depository and Clearing Corporation Limited	February 2008

## Chapter 2: Corporate Profile and Key Financial Indicators

No.	Qualification	Approval authority	Date of approval
69	Licence for overseas securities investment management business	CSRC	August 2007
70	Primary dealer on the integrated e-platform for fixed-income securities of the SSE	SSE	July 2007
71	Permit for foreign exchange operation in the securities business	State Administration of Foreign Exchange	December 2006 (latest certificate obtained in November 2012)
72	Clearing participant of China Securities Depository and Clearing Corporation Limited	China Securities Depository and Clearing Corporation Limited	March 2006
73	Primary dealer of SSE 180 Index Exchange Traded Fund	SSE	March 2006
74	Qualification for quote transfer business	Securities Association of China	January 2006
75	Licence for underwriting business of commercial paper	The People's Bank of China	July 2005
76	Qualification for operation of foreign shares business	CSRC	September 2002
77	Qualification for open-end securities investment fund consignment business	CSRC	August 2002
78	Qualification for trusted investment management business	CSRC	May 2002
79	Qualification for online securities agency business	CSRC	February 2001
80	Qualified member of interbank market	General Administration Department of the People's Bank of China	September 1999
81	Qualification for RMB special stocks business (unrestricted) in Shanghai	Shanghai Securities Management Office	November 1996
82	Licence for starting foreign exchange business	Shenzhen Office of the State Administration of Foreign Exchange	October 1996
83	Pilot unit of equity trading agency system for non-listed companies	Property Right Transfer Leading Group Office of the Shenzhen Municipal Government	January 1996
84	Licence for starting proprietary business	Shenzhen Securities Management Office	August 1993

## Chapter 2: Corporate Profile and Key Financial Indicators

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

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

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

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

## Chapter 2: Corporate Profile and Key Financial Indicators

No.	Qualification	Approval authority	Date of approval
12	Member of Zhengzhou Commodity Exchange	Zhengzhou Commodity Exchange	March 2009
13	Member of Dalian Commodity Exchange	Dalian Commodity Exchange	December 2008
14	Member of Shanghai Futures Exchange	Shanghai Futures Exchange	October 2008
15	Clearing and settlement member of China Financial Futures Exchange	China Financial Futures Exchange Co., Ltd.	December 2007
16	Licence for financial futures trading settlement	CSRC	November 2007

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

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

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

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

## Chapter 2: Corporate Profile and Key Financial Indicators

### II. Contact Persons and Contact Methods

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

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

### III. Basic Information

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

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

The name and website of the media where the Company discloses its annual report	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
The websites where the Company discloses its annual report	http://www.sse.com.cn (the SSE website) https://www.hkexnews.hk (the Hong Kong Stock Exchange website)
Place for inspection of the Company's annual report	No. 111, Fuhua Yi Road, Futian Street, Futian District, Shenzhen, Guangdong Province

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

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

#### VI. Other Information

##### (I) History of the Company, mainly including the reform and reorganization, capital increase and share capital enlargement in previous years

The predecessor of the Company is the Securities Department of China Merchants Bank. On August 3, 1991, with the approval of The People's Bank of China (Shenzhen branch) pursuant to the Notice on the Approval for Trial Operation of the Securities Department of China Merchants Bank ([1991] Shen Ren Yin Fa Zi No. 140) (《關於同意招商銀行證券業務部試營業的通知》([1991]深人銀發字第140號)), the Securities Department of China Merchants Bank was incorporated upon registration with the Shenzhen Administration for Industry and Commerce.

On August 1, 1993, with the approval of The People's Bank of China (Shenzhen branch) pursuant to the Approval for the Granting of Level 2 Legal Person Qualification to All Securities Business Department in Shenzhen (Shen Ren Yin Fu Zi [1993] No. 394) (《關於同意賦予各深圳證券業務部二級法人資格的批覆》(深人銀覆字[1993]第394號)), the Securities Department of China Merchants Bank was permitted by the Shenzhen Administration for Industry and Commerce to be incorporated as a legal person and became a level 2 legal person under China Merchants Bank with a registered capital of RMB25 million.



## Chapter 2: Corporate Profile and Key Financial Indicators

On August 26, 1994, with the approval of The People's Bank of China pursuant to the Approval for the Incorporation of CMB Securities Company (Yin Fu [1994] No. 161) (《關於成立招銀證券公司的批覆》(銀覆[1994]161號)) and the permission by the Shenzhen Administration for Industry and Commerce, China Merchants Bank, building on its Securities Department, established Shenzhen CMB Securities Company with a registered capital of RMB150 million. On September 28, 1994, the Shenzhen Administration for Industry and Commerce permitted Shenzhen CMB Securities Company (深圳招銀證券公司) to change its name to CMB Securities Company (招銀證券公司).

On November 6, 1998, with the approval of The People's Bank of China pursuant to the Approval for the Reformed Structure and Capital Increase of CMB Securities Company (Yin Fu [1997] No. 529) (《關於招銀證券公司增資改制的批覆》(銀覆[1997]529號)) and the CSRC pursuant to the Approval for the Reformed Structure and Capital Increase and Change of Name of CMB Securities Company (CSRC Ji Gou Zi [1998] No. 27) (《關於同意招銀證券公司增資改制、更名的批覆》(證監機構字[1998]27號)) and the permission of the Shenzhen Administration for Industry and Commerce, CMB Securities Company introduced 11 new shareholders for the purpose of capital increase and structural reform, and changed its name to Guotong Securities Limited Liability Company (國通證券有限責任公司). Its registered capital increased from RMB150 million to RMB800 million. China Merchants Bank contributed to the capital by means of the net assets of CMB Securities Company while the 11 new shareholders contributed to the capital by means of cash.

On August 31, 2000, with the approval of the CSRC pursuant to the Approval for the Capital Increase of Guotong Securities Limited Liability Company (CSRC Ji Gou Zi [2000] No. 15) (《關於核准國通證券有限責任公司增資擴股的批覆》(證監機構字[2000]15號)) and the permission of the Shenzhen Administration for Industry and Commerce, Guotong Securities Limited Liability Company increased its capital. With a total of RMB1.4 billion capital injection made by 12 shareholders including China Merchants Bank, the registered capital of the Company increased to RMB2.2 billion.

From 2000 to 2001, Guotong Securities Limited Liability Company underwent various equity transfers, and the number of its shareholders increased from 12 to 40.

On December 26, 2001, with the approval of the Ministry of Finance of the PRC pursuant to the Approval for the Relevant Issues on State-owned Shares Management by Guotong Securities Co., Ltd. (Cai Qi [2001] No. 723) (《關於國通證券股份有限公司(籌)國有股權管理有關問題的批覆》(財企[2001]723號)), the CSRC pursuant to the Approval for the Change of Guotong Securities Limited Liability Company to a Joint Stock Limited Company (CSRC Ji Gou Zi [2001] No. 285) (《關於同意國通證券有限責任公司改制為股份有限公司的批覆》(證監機構字[2001]285號)), the Municipal Government of Shenzhen pursuant to the Approval for Shareholding Structure Reform to Establish Guotong Securities Co., Ltd. (Shen Fu Gu [2001] No. 49) (《關於整體改組設立國通證券股份有限公司的批覆》(深府股[2001]49號)), and the permission of the Shenzhen Administration for Industry and Commerce, Guotong Securities Limited Liability Company reformed its company structure and changed its name to Guotong Securities Co., Ltd. (國通證券股份有限公司). The 40 shareholders of Guotong Securities Limited Liability Company, as the promoters, converted the audited net assets of Guotong Securities Limited Liability Company as at December 31, 2000 on a 1:1 basis into the capital of the joint stock company comprising a total of 2,400,280,638 shares, forming a registered capital of RMB2,400,280,638. The domicile was at 8/F-11/F, Block East, Huaqiang Jiahe Building, No. 34 Shennan Central Road, Futian District, Shenzhen.

On June 28, 2002, with the approval of the CSRC pursuant to the Reply on the Filing of Guotong Securities Co., Ltd. for the Changes of Name and Business Address (Ji Gou Bu Bu Han [2002] No. 120) (《關於國通證券股份有限公司更名、遷址有關材料備案的回函》(機構部部函[2002]120號)) and the permission of the Shenzhen Administration for Industry and Commerce, Guotong Securities Co., Ltd. changed its name to China Merchants Securities Co., Ltd. (招商證券股份有限公司) and the domicile was changed to 38/F-45/F, Block A, Jiangu Building, Yitian Road, Futian District, Shenzhen.

In 2006, with the approval of the CSRC pursuant to the Approval for the Reduction of Shares and Capital Increase of China Merchants Securities Co., Ltd. (CSRC Ji Gou Zi [2006] No. 179) (《關於招商證券股份有限公司縮股並增資擴股的批覆》(證監機構字[2006]179號)) and the permission of the Shenzhen Administration for Industry and Commerce, the Company conducted share reduction and capital increase. Based on the audited net assets as at December 31, 2005, the total share capital was reduced from 2,400,280,638 shares to 1,726,915,266 shares. Following the reduction, seven shareholders subscribed the newly issued 1.5 billion shares, which increased the total share capital and the registered capital of the Company to 3,226,915,266 shares and RMB3,226,915,266, respectively.

On November 17, 2009, with the approval of the CSRC pursuant to the Approval for the Initial Public Offering of China Merchants Securities Co., Ltd. (Zheng Jian Xu Ke [2009] No. 1132) (《關於核准招商證券股份有限公司首次公開發行股票的批覆》(證監許可[2009]1132號)) and the SSE pursuant to the Notice on the Listing and Trading of RMB Ordinary Shares of China Merchants Securities Co., Ltd. (Shang Zheng Fa Zi [2009] No. 18) (《關於招商證券股份有限公司人民幣普通股股票上市交易的通知》(上證發字[2009]18號)), the Company launched its initial public offering of 358,546,141 A Shares on the SSE, among which 286,837,000 shares and 71,709,141 shares were subscribed and settled online and offline, respectively. With an offer price of RMB31 per share, the Company raised a total of RMB11.115 billion and received net proceeds of RMB10.883 billion after deducting offering expenses of RMB232 million. Following the completion of the offering, the total share capital of the Company increased from 3,226,915,266 shares to 3,585,461,407 shares.

In July 2011, the Company converted its capital reserve into shares on the basis of three shares for every ten shares, through which the total share capital of the Company increased by 1,075,638,422 shares to 4,661,099,829 shares from 3,585,461,407 shares.

In May 2014, with the approval of the CSRC pursuant to the Approval for the Private Placement of Shares of China Merchants Securities Co., Ltd. (Zheng Jian Xu Ke [2014] No. 455) (《關於核准招商證券股份有限公司非公開發行股票的批覆》(證監許可[2014]455號)), the Company issued 1,147,035,700 shares (A Shares) at RMB9.72 each by way of private placement, raising a total of RMB11,149,187,004.00 and receiving net proceeds of RMB11,101,736,135.93 after deducting the offering expenses of RMB47,450,868.07. The new shares were registered and deposited with the Shanghai office of the CSDC on May 27, 2014. On October 15, 2014, the Company completed the registration for the increase of the registered capital to RMB5,808,135,529.

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On October 7, 2016, the Company completed the public issuance of overseas-listed foreign shares (H Shares) at an offer price of HK\$12.00 per share, raising total proceeds of HK\$10,695,285,600.00. After deducting the offering expenses, the net proceeds amounted to RMB8,947,439,178.14. On the same day, with the approval of the Hong Kong Stock Exchange, the Company issued 891,273,800 overseas-listed foreign shares (H Shares) for the listing and trading on the Main Board of the Hong Kong Stock Exchange. Following the offering, the total share capital of the Company increased from 5,808,135,529 shares to 6,699,422,311 shares. Due to a change in the shareholding by Liaoneng Holdings, an original state-owned shareholder of the Company, the deregistration for 12,982 A Shares which should have been transferred by it has not yet completed.

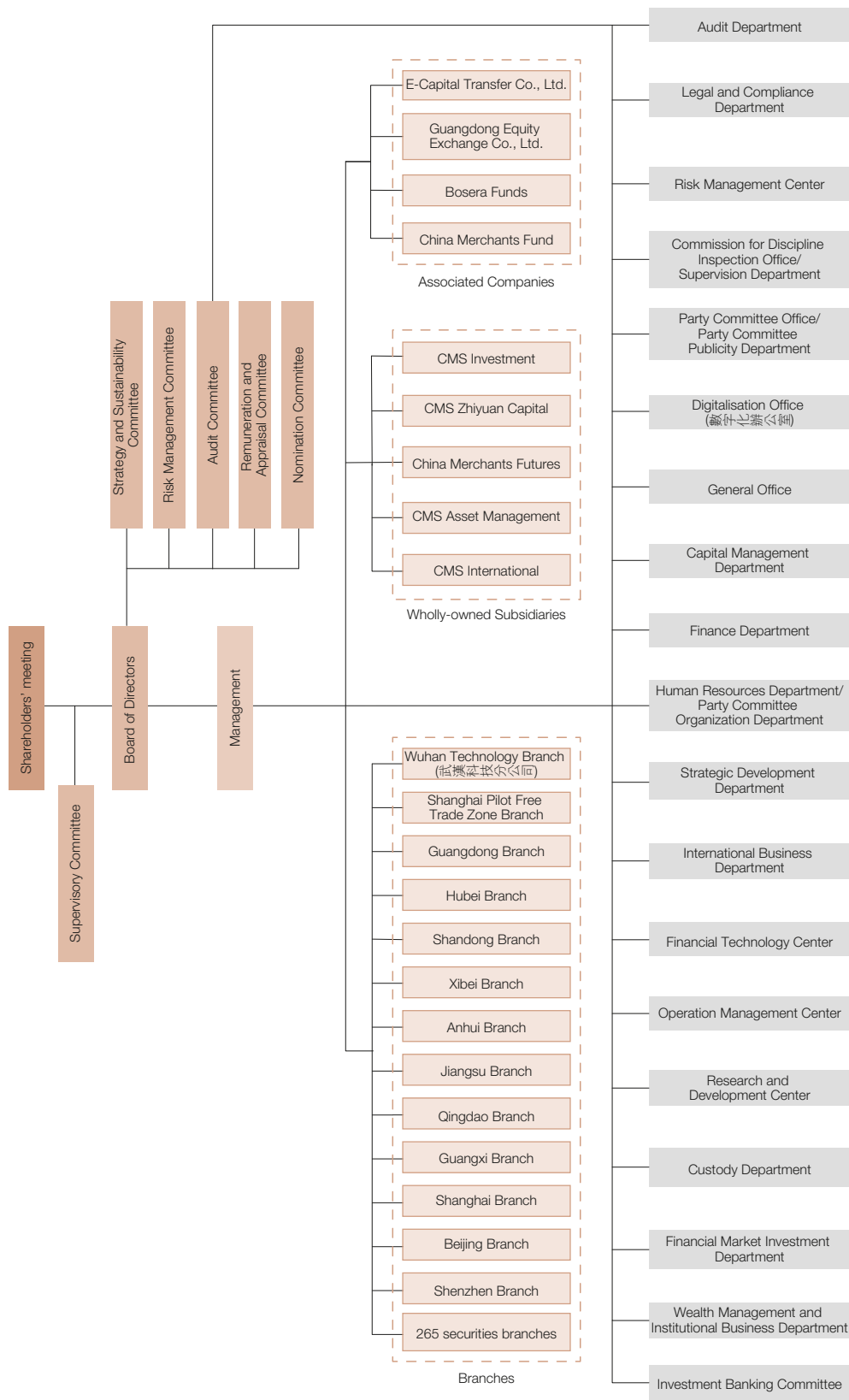
On March 27, 2017, the deregistration for 12,982 A Shares held by Liaoneng Holdings, an original state-owned shareholder of the Company, was completed. The total share capital of the Company was changed to 6,699,409,329 shares. For details, please see the Announcement on the Replenishment of State-owned Shares for Fulfillment of Transfer Obligation by Liaoneng Holdings, an Original State-owned Shareholder (《關於原國有股東遼寧遼能實業有限公司補充履行國有股轉持義務的公告》) of the Company dated March 24, 2017 published on the Hong Kong Stock Exchange website. On May 17, 2017, the Company completed the increase of its registered capital to RMB6,699,409,329.

In November and December 2018, the registered address and office address of the Company were changed to “No.111, Fuhua Yi Road, Futian Street, Futian District, Shenzhen (深圳市福田區福田街道福華一路111號)”.

As approved by the CSRC under Zheng Jian Xu Ke [2020] No. 723 (證監許可[2020]723號) and [2019] No. 1946 (證監許可[2019]1946號), the Company successfully completed the A Share and H Share rights issue in July and August 2020, respectively. In the rights issue, 1,702,997,123 RMB ordinary shares have been issued to the existing A Shareholders and 294,120,354 H Shares have been issued to the qualified existing H Shareholders. Upon the issuance, the total share capital of the Company increased from 6,699,409,329 shares to 8,696,526,806 shares. The A Shares and H Shares of the Company issued under the rights issue have been listed and traded on the SSE and the Hong Kong Stock Exchange on 31 July and 20 August, respectively. The total proceeds raised from the A Share rights issue and the H Share rights issue amounted to RMB12.704 billion and HK\$2.407 billion, respectively. The net proceeds from the rights issue after deducting issuance related expenses amounted to RMB12.683 billion and HK\$2.349 billion, respectively. In December 2020, upon completion of registration for the change of registered capital, the Company’s registered capital increased from RMB6,699,409,329 to RMB8,696,526,806.

(II) Corporate organizational structure

As of the end of the Reporting Period, our corporate organizational structure was as follows:



## Chapter 2: Corporate Profile and Key Financial Indicators

As of the end of the Reporting Period, the Company has 5 first-level wholly-owned subsidiaries, the details of which are as follows:

No.	Company name	Address	Date of incorporation	Registered capital (RMB10,000)	Person-in-charge	Contact number
1	China Merchants Securities International Company Limited	48/F, One Exchange Square, Central, Hong Kong	1999.07.14	N/A	LIU Rui (劉銳)	0755-82943666
2	China Merchants Futures Co., Ltd.	16/F and Room 1703, 17/F, China Merchants Securities Building, No. 111, Fuhua Yi Road, Fuan Community, Futian Street, Futian District, Shenzhen	1993.01.04	359,800	LIU Rui (劉銳)	0755-82943666
3	China Merchants Zhiyuan Capital Investment Co., Ltd.	Unit 2803, Guangming Technology Financial Building, No. 160 Chuangtuo Road, Dongkeng Community, Fenghuang Street, Guangming District, Shenzhen	2009.08.28	210,000	LIU Rui (劉銳)	0755-82943666
4	China Merchants Securities Investment Co., Ltd.	Room 201, Block A, No. 1 Qianwan 1st Road, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen (settled in Shenzhen Qianhai Business Secretary Company Limited)	2013.12.02	1,010,000	LING Jianghong (凌江紅)	0755-82943666
5	China Merchants Securities Asset Management Co., Ltd.	Unit 2501, Block A, Qianhai Hongrongyuan Center, No.5059 Tinghai Avenue, Nanshan District, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen	2015.04.03	100,000	YANG Yang (楊陽)	0755-82943666

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

As of the end of the Reporting Period, the Company operated a total of 265 securities branches. The distribution of those operating securities branches in provinces and cities is as follow:

Province/ municipality/ autonomous region	Number of branches	Province/ municipality/ autonomous region	Number of branches	Province/ municipality/ autonomous region	Number of branches
Guangdong Province	61	Beijing	28	Shandong Province	22
Shanghai	21	Zhejiang Province	17	Jiangsu Province	13
Anhui Province	10	Shaanxi Province	8	Hubei Province	8
Guangxi Zhuang Autonomous Region	8	Fujian Province	8	Liaoning Province	7
Hunan Province	7	Heilongjiang Province	6	Henan Province	6
Jiangxi Province	5	Tianjin	5	Chongqing	5
Sichuan Province	5	Gansu Province	3	Hebei Province	2
Inner Mongolia Autonomous Region	3	Yunnan Province	1	Xinjiang Uygur Autonomous Region	1
Shanxi Province	1	Ningxia Hui Autonomous Region	1	Jilin Province	1
Hainan Province	1	Guizhou Province	1	Tibet Autonomous Region	0
Qinghai Province	0				

Note: The above figures include the Company's new securities branches in Shari Wusu Road, Ordos (鄂爾多斯沙日烏素路), which obtained the Business License on December 14, 2023 and the Securities and Futures Business Licence (《經營證券期貨業務許可證》) on January 4, 2024, respectively.

## Chapter 2: Corporate Profile and Key Financial Indicators

### (IV) Number and distribution of other branches

As of the end of the Reporting Period, the Company had 13 branches, the basic information of which is as follows:

No.	Name of the branch	Date of incorporation	Place of business	Person-in-charge	Contact number
1	Shenzhen Branch of China Merchants Securities Co., Ltd. (招商證券股份有限公司深圳分公司)	February 1, 2010	9B, 9C, 9D, 9E1, 16F2, 16G, 16H, Fortune Building, No. 88, Fuhua 3rd Road, Gangxia Community, Futian Street, Futian District, Shenzhen (深圳市福田區福田街道崗廈社區福華三路88號財富大廈9B、9C、9D、9E1、16F2、16G、16H)	GAO Xiang (高翔)	0755-82922188
2	Shanghai Branch of China Merchants Securities Co., Ltd. (招商證券股份有限公司上海分公司)	February 12, 2010	Room 602, 6/F, No. 68 Bohang Road, China (Shanghai) Pilot Free Trade Zone	LI Yongxiao (李永孝)	021-68407177
3	Beijing Branch of China Merchants Securities Co., Ltd. (招商證券股份有限公司北京分公司)	February 26, 2010	Room 1901, 19/F, Building 3, Courtyard No. 1, Yuetan South Street, Xicheng District, Beijing	FAN Wenmeng (范文孟)	010-65668067
4	Guangxi Branch of China Merchants Securities Co., Ltd. (招商證券股份有限公司廣西分公司)	May 25, 2011	3/F, Shidailidu Mansion, No.38-1 Jinhu Road, Qingxiu District, Nanning, Guangxi	HU Yi (胡毅)	0771-5596333
5	Qingdao Branch of China Merchants Securities Co., Ltd. (招商證券股份有限公司青島分公司)	September 1, 2011	Level 2, 100 Duplex, No.17-21 Xian Xia Ling Road, Laoshan District, Qingdao, Shandong	PENG Xiuling (彭秀玲)	0532-66889555
6	Jiangsu Branch of China Merchants Securities Co., Ltd. (招商證券股份有限公司江蘇分公司)	December 28, 2012	7/F, Nanjing China Merchants Bank Tower, No. 199 Lushan Road, Jianye District, Nanjing	ZHANG Feng (張峰)	025-52868380
7	Anhui Branch of China Merchants Securities Co., Ltd. (招商證券股份有限公司安徽分公司)	January 4, 2013	Suite 1-501 to 1-511, Hui Feng Plaza, No. 118 Sui Xi Road, Luyang District, Hefei, Anhui Province	ZHANG Bing (張兵)	0551-65697178
8	Shandong Branch of China Merchants Securities Co., Ltd. (招商證券股份有限公司山東分公司)	January 9, 2013	2001-1, 17/F, Zhongrun Century Plaza, No. 13777 Jingshi Road, Lixia District, Jinan	LI Hongying (李紅英)	0531-67885777

## Chapter 2: Corporate Profile and Key Financial Indicators

No.	Name of the branch	Date of incorporation	Place of business	Person-in-charge	Contact number
9	Xibei Branch of China Merchants Securities Co., Ltd. (招商證券股份有限公司西北分公司)	February 5, 2013	Semiconductor Industrial Park, No. 125 Jin Ye Road, Hi-Tech Industries Development Zone, Xi'an, Shaanxi Province	WANG Feng (王鋒)	029-38013258
10	Guangdong Branch of China Merchants Securities Co., Ltd. (招商證券股份有限公司廣東分公司)	May 16, 2013	Room 1101B, No. 5 Huasui Road, Tianhe District, Guangzhou, Guangdong Province	YU Jinbiao (余錦標)	020-38394801
11	Hubei Branch of China Merchants Securities Co., Ltd. (招商證券股份有限公司湖北分公司)	January 4, 2013	No. 236 Zhong Bei Road, Wuchang District, Wuhan, Hubei Province	DENG Jichang (鄧吉昌)	027-88856753
12	Shanghai Pilot Free Trade Zone Branch of China Merchants Securities Co., Ltd. (招商證券股份有限公司上海自貿試驗區分公司)	January 3, 2017	Unit 03, 20/F (Nominal Floor, actually 18/F), No. 759 Yanggao South Road, China (Shanghai) Pilot Free Trade Zone	LI Pengcheng (李鵬程)	021-58905118
13	China Merchants Securities Co., Ltd., Wuhan Technology Branch (招商證券股份有限公司武漢科技分公司)	August 28, 2023	7/F, 8/F, 9/F and 10/F, West Tower, China Special Purpose Vehicle R&D Center, No. 1 Zizhu Street, Donghu New Technology Development Zone, Wuhan, Hubei Province	LI Jianxin (李建新)	027-65529399

Note: The Shanghai Pilot Free Trade Zone Branch renewed the Business License on November 15, 2023 and the Securities and Futures Business Licence (《經營證券期貨業務許可證》) on January 4, 2024, respectively, due to the change of business address.



## Chapter 2: Corporate Profile and Key Financial Indicators

### VII. Other Relevant Information

Domestic accounting firm appointed by the Company	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
	Office address	30/F, Bund Center, 222 Yan An Road East, Huangpu District, Shanghai
	Names of the signing accountants	CHEN Xiaoying (陳曉瑩), ZHOU Hanlin (周瀚林)
International accounting firm appointed by the Company	Name	Deloitte Touche Tohmatsu
	Office address	35th Floor, One Pacific Place, 88 Queensway, Hong Kong
	Name of the signing accountant	WOO King Wa (胡景華)
Domestic legal adviser appointed by the Company	Name	Beijing Jingtian Gongcheng Law Firm, Shenzhen Office
	Office address	Unit 05-06, 16/F, China Resources Tower, No. 2666 Keyuan South Road, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province
International legal adviser appointed by the Company	Name	Tian Yuan Law Firm LLP
	Office address	Suites 3304-3309, 33/F, Jardine House, One Connaught Place, Central, Hong Kong
A Share Registrar	Name	Shanghai Branch of China Securities Depository and Clearing Corporation Limited
	Office address	No. 188 Yanggao South Road, China (Shanghai) Pilot Free Trade Zone
H Share Registrar	Name	Computershare Hong Kong Investor Services Limited
	Office address	17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

## VIII. Key Accounting Data and Financial Indicators in the Past Three Years

## (I) Key accounting data

Unit: Thousand Yuan Currency: RMB

Key accounting data	2023	2022		Year-on-year increase/decrease (%)	2021
		After adjustment	Before adjustment		
Total revenue, other income and gains	30,020,438	29,335,800	29,335,800	2.33	40,342,422
Profit for the year attributable to shareholders of the Company	8,763,960	8,070,244	8,072,319	8.60	11,645,065
Profit for the year attributable to shareholders of the Company after deduction of non-recurring profit or loss	8,731,556	8,180,934	8,180,934	6.73	11,586,851
Net cash from operating activities	15,768,912	55,303,455	55,303,455	-71.49	-54,318,605
Total other comprehensive income (expense) for the year (net of tax)	187,867	76,138	76,138	146.75	-276,368

Key accounting data	As at the end of 2023	As at the end of 2022		Year-on-year increase/decrease (%)	As at the end of 2021
		After adjustment	Before adjustment		
Total assets	695,852,992	611,677,015	611,661,882	13.76	597,221,128
Total liabilities	573,816,059	496,419,932	496,420,316	15.59	484,630,677
Equity attributable to shareholders of the Company	121,961,428	115,174,595	115,159,078	5.89	112,503,030
Total owners' equity	122,036,933	115,257,083	115,241,566	5.88	112,590,451

## Chapter 2: Corporate Profile and Key Financial Indicators

### (II) Key financial indicators

Key financial indicators	2023	2022		Year-on-year increase/decrease (%)	2021
		After adjustment	Before adjustment		
Basic earnings per share (RMB per share)	0.94	0.86	0.86	9.30	1.25
Diluted earnings per share (RMB per share)	0.94	0.86	0.86	9.30	1.25
Basic earnings per share after deduction of non-recurring profit or loss (RMB per share)	0.94	0.87	0.87	8.05	1.24
Weighted average return on net assets (%)	7.91	7.54	7.54	Increased by 0.37 percentage point	11.52
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	7.88	7.65	7.65	Increased by 0.23 percentage point	11.46

Note: Pursuant to the Interpretation No. 16 of Accounting Standards for Business Enterprises (Cai Kuai [2022] No. 31) (《企業會計準則解釋第16號》(財會[2022] 31號)) issued by the Ministry of Finance, the “accounting treatment that the exemption of initial recognition shall not apply to the deferred income tax relating to assets and liabilities arising from a single transaction” shall apply to the Group from January 1, 2023. According to the new and old transitional requirements, enterprises shall make adjustments in accordance with the provisions of this Interpretation for the single transactions applicable to this Interpretation that occurred from the beginning of the earliest period presented in the financial statements for which this Interpretation is first implemented to the effective date of this Interpretation. For the lease liabilities and right-of-use assets recognized due to the single transactions applicable to this Interpretation at the beginning of the earliest period presented in the financial statements for which this Interpretation is first implemented, and the estimated liabilities related to the recognition of disposal obligations and the corresponding related assets, where there are taxable temporary differences and deductible temporary differences, enterprises shall, in accordance with this Interpretation and the Accounting Standards for Business Enterprises No. 18 – Income Tax (《企業會計準則第18號—所得稅》), adjust the cumulative effect to the retained earnings and other related financial statement items at the beginning of the earliest period presented in the financial statements.

Accordingly, the Company adjusted the data on the relevant items of the consolidated statement of financial position as at December 31, 2022 and the data on the consolidated statement of profit or loss for the corresponding period of last year. For the adjusted data, please refer to “Chapter 9: Financial Report” of this report.

## Chapter 2: Corporate Profile and Key Financial Indicators

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

During the Reporting Period, the net capital and all risk control indicators of the Company complied with the requirements of the China Securities Regulatory Commission. As at the end of December 2023, the key risk control indicators, such as net capital of the Company, were as follows:

Unit: Yuan Currency: RMB

Items	As at the end of the Reporting Period	As at the end of last year
Net capital	79,370,429,988.47	70,444,812,948.68
Net assets	109,986,186,077.19	104,640,292,341.91
Sum of risk capital provisions	44,770,327,767.08	26,588,380,475.21
Total assets on- and off-balance sheet	412,072,315,933.07	365,790,047,258.90
Risk coverage ratio (%)	177.28	264.95
Capital leverage ratio (%)	13.12	13.39
Liquidity coverage ratio (%)	169.06	210.95
Net stable funding ratio (%)	138.25	151.72
Net capital/net assets (%)	72.16	67.32
Net capital/liabilities (%)	18.61	19.55
Net assets/liabilities (%)	25.78	29.05
Value of proprietary equity securities and security derivatives/net capital (%)	32.78	28.11
Value of proprietary non-equity securities and its derivatives/net capital (%)	357.81	361.22

Note: The Company has applied the "accounting treatment that the exemption of initial recognition shall not apply to the deferred income tax relating to assets and liabilities arising from a single transaction" under the Interpretation No. 16 of Accounting Standards for Business Enterprises (《企業會計準則解釋第16號》) on January 1, 2023, and adjusted the data on the relevant items of the consolidated statement of financial position as at December 31, 2022 accordingly. The net capital and risk control indicators of the parent company as at the end of last year are calculated based on the adjusted data.

## Chapter 2: Corporate Profile and Key Financial Indicators

### (IV) Key financial data for the past five years

#### 1. Earnings

Unit: Million Yuan Currency: RMB

Items	2023	2022		2021	2020	2019
		After adjustment	Before adjustment			
Total revenue, other income and gains	30,020	29,336	29,336	40,342	32,469	25,659
Total expenses	22,259	22,466	22,466	28,239	22,203	17,767
Profit before income tax	9,296	8,532	8,532	13,704	11,309	8,774
Profit for the year attributable to shareholders of the Company	8,764	8,070	8,072	11,645	9,492	7,282

#### 2. Assets

Unit: Million Yuan Currency: RMB

Items	December 31, 2023	December 31, 2022		December 31, 2021	December 31, 2020	December 31, 2019
		After adjustment	Before adjustment			
Total assets	695,853	611,677	611,662	597,221	499,727	381,772
Total liabilities	573,816	496,420	496,420	484,631	393,902	296,644
Accounts payable to brokerage clients	117,852	106,378	106,378	99,605	85,441	61,724
Equity attributable to shareholders of the Company	121,961	115,175	115,159	112,503	105,737	85,048
Share capital	8,697	8,697	8,697	8,697	8,697	6,699

### 3. Key financial indicators

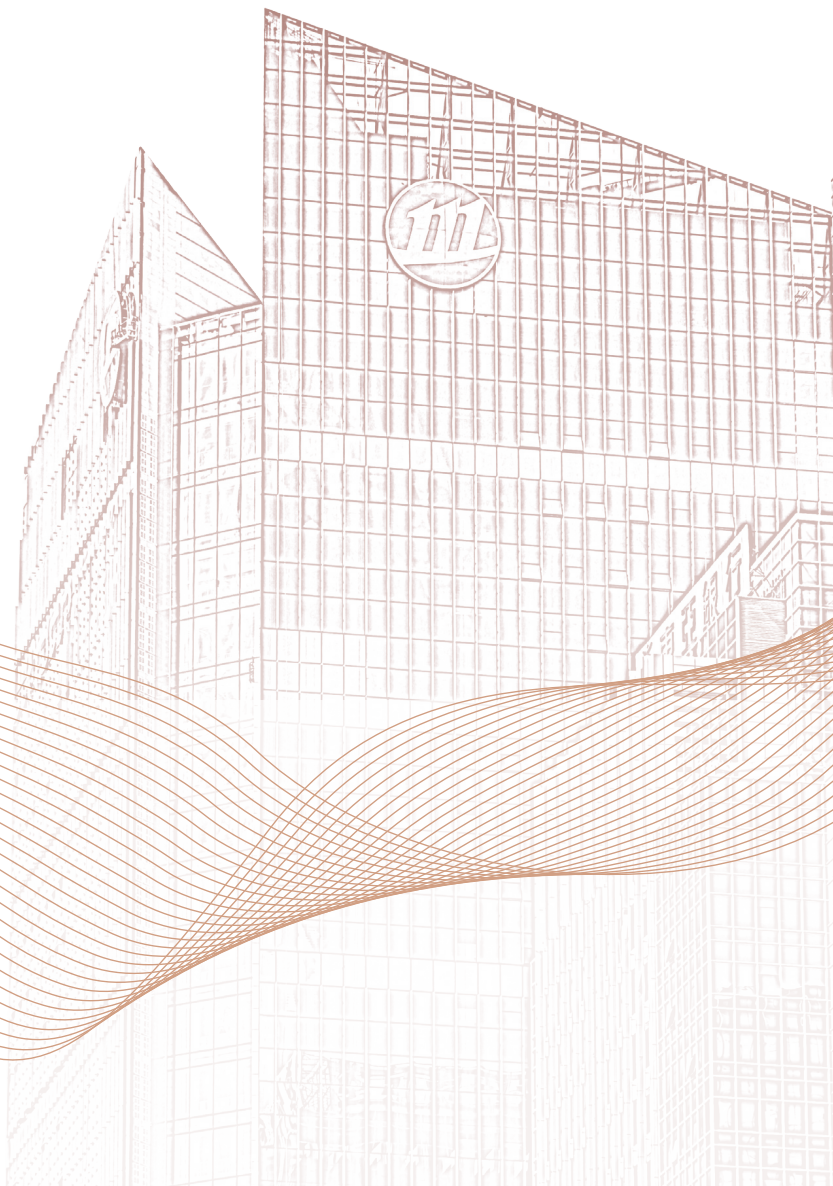
Items	2023	2022		2021	2020	2019
		After adjustment	Before adjustment			
Basic earnings per share (RMB per share)	0.94	0.86	0.86	1.25	1.06	0.82
Diluted earnings per share (RMB per share)	0.94	0.86	0.86	1.25	1.06	0.82
Weighted average return on net assets (%)	7.91	7.54	7.54	11.52	10.85	9.51
Gearing ratio (%)	78.89	77.19	77.19	77.37	74.46	73.40

Note 1: Gearing ratio = (Total liabilities – Accounts payable to brokerage clients)/(Total assets – Accounts payable to brokerage clients)

Note 2: In July and August 2020, the Company completed the A Share and H Share rights issue, respectively. Pursuant to Accounting Standards for Business Enterprises No. 34 – Earnings per Share and the Application Guidance for Accounting Standards for Business Enterprises No. 34 – Earnings per Share, in consideration of the bonus shares involved in the rights issue, the weighted average number of ordinary shares outstanding for each period (including prior years) presented in the above table has been adjusted when calculating the earnings per share. The basic earnings per share prior to the adjustment for 2019 was RMB0.97 per share, and the diluted earnings per share prior to the adjustment for 2019 was RMB0.97 per share.

# 03

## Report of the Board of Directors



# Chapter 3: Report of the Board of Directors

## I. Discussion and Analysis of Operations

### (I) General operations

2023 was the final year of the Company's five-year reform strategy. The Company actively responded to the complex external environment, maintained strategic focus, strengthened strategy implementation, enhanced marketing and expanded income, promoted change and transformation, prevented risks and stabilized operations, and achieved good results. First, the overall performance progressed steadily, and the profitability remained excellent. In 2023, the Company recorded total revenue, other income and gains of RMB30.020 billion, representing a year-on-year increase of 2.33%; net profit attributable to shareholders of the Company of RMB8.764 billion, representing a year-on-year increase of 8.60%; and weighted average return on net assets of 7.91%, representing a year-on-year increase of 0.37 percentage point. The cost control advantage was obvious. Second, a new round of reform and innovation was advanced to further enhance the core competitiveness. Resources were gathered to build a strong modern investment bank, the pace of digital development was comprehensively accelerated, the reform of performance appraisal and organizational mechanism was deepened, and progress was made in key transformation and reform matters. The Company was successfully named as a "benchmarking" (標桿) enterprise in the "Double-hundred Enterprises" (雙百企業) special assessment of the SASAC in 2022, and launched a new round of actions to deepen and upgrade the reform of state-owned enterprises in an all-round way. Third, the Company earnestly prevented and controlled risks, and maintained stable operation overall. The Company successfully withstood the test of complex market environment, maintained a low level of various risk losses and excellent asset quality, and did not have any major risk and compliance events throughout the year.

### (II) Analysis of principal businesses

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



## Chapter 3: Report of the Board of Directors

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

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

In 2023, the one-way trading volume of stocks and funds in A share market amounted to RMB240.72 trillion, representing a year-on-year decrease of 2.88%. The market size and activity of the BSE (Beijing Stock Exchange, same for below) steadily increased, and the one-way trading volume of stocks and funds in the BSE in 2023 amounted to RMB727.223 billion, representing a year-on-year increase of 267.26%. Residents' demand for wealth management continued to increase, with the year-end household savings balance reaching RMB136.99 trillion, representing an average compound annual growth rate (CAGR) of 13.85% from 2019 to 2023. The ecology of ETF market continued to improve, and residents' demand for index-based investment was released, with the share of ETFs exceeding 2 trillion at the end of the year, representing an average CAGR of 40.24% from 2019 to 2023. There was still room for development in the wealth management market.

During the Reporting Period, the Company firmly implemented the integrated development strategy of "empowering marketing team by platform, and driving growth by marketing and operation" (平台賦能營銷團隊·營銷運營雙輪驅動) both online and offline, innovated product experience and services on CMS APP platform, optimized content quality, enriched digital operation methods, and further improved the breadth and depth of customer service. As at the end of 2023, the Company had approximately 17.76 million clients, representing a year-on-year increase of 8.03%, and clients' assets under custody amounted to RMB3.72 trillion. According to the statistics from Analysys Qianfan, the average monthly active users (MAU) of the CMS APP grew by 4.7% year-on-year, ranking 5th among the top ten securities firms, and the average daily visit duration per capita of APP users ranked 1st among the top ten securities firms. The Company actively developed the business of the BSE, and the number of accounts opened on the BSE ranked 7th in the market till the end of the year. The brokerage business for stock options of the Company was operated steadily, and as of the end of 2023, had a market share of 7.79% in terms of the cumulative number of accounts opened by clients, ranking 2nd in the industry.

## Chapter 3: Report of the Board of Directors

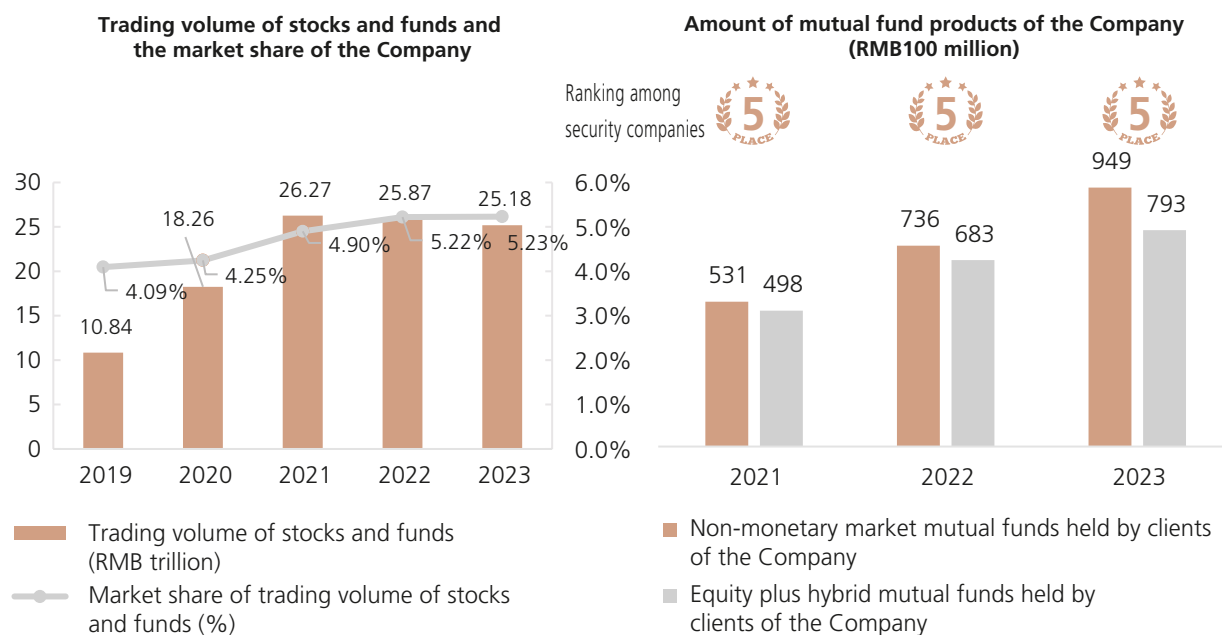
In 2023, the Company accelerated the transformation of wealth management business, vigorously built a professional and leading wealth advisor team, and continued to provide high-quality service to meet the the wealth management needs of residents by strengthening the professional capabilities of investment advisors, enhancing platform empowerment, and offering investor education. The Company enhanced the customer segmentation service for wealth management clients and improved the quality and efficiency of client service. Giving full play to the research advantages of securities firms, the Company continued improve the ability of product selection and optimization, and developed “Selected Mutual Fund” (公募優選) and “Private Fund 50” (私募50) product brands. The Company actively developed the investment advisory business, and vigorously built the brands of “CMS Fund Investment Adviser” (e招投) and “CMS Private Banking” (智遠私行) to meet the different needs of inclusive finance clients and high-net-worth clients. The Company launched a comprehensive financial service brand of “CMS Enterprise” (招證企航), and achieved rapid growth in corporate account opening and amount of financial products held by the enterprise till the end of 2023. The Company made continued efforts to improve and enhance the service capabilities of individual pension business, and relying on its investment and research system, provide customers with “one-stop” pension services from product optimization, pension investment education, customer service and other aspects. As of the end of 2023, the number of individual clients of the Company’s wealth management increased by 3.20% year-on-year, and the number of high-net-worth clients increased by 5.67% year-on-year. According to the statistics from the Asset Management Association of China, in the fourth quarter of 2023, the Company’s non-monetary mutual funds and equity plus hybrid mutual funds held by clients of the Company amounted to RMB94.9 billion and RMB79.3 billion, respectively, both ranking 5th among securities firms. The “CMS Fund Investment Adviser” had a total of 58.6 thousand contracted clients, with AUM amounting to RMB4.656 billion at the end of the year, representing an increase of 76.00% as compared to the end of 2022.

Operating indicators	2023	2022	Year-on-year change
Trading volume of stocks and funds in the SSE, SZSE and BSE (RMB trillion) (Note 1)	25.18	25.87	-2.67%
Market share of trading volume of stocks and funds in the SSE, SZSE and BSE	5.23%	5.22%	Increased by 0.01 percentage point
Net income from agency sale of financial products (RMB100 million)	7.14	8.21	-12.96%
Number of wealth management advisors	1,446	1,329	8.80%
Number of wealth management clients (10 thousand) (Note 2)	53.79	52.12	3.20%
Amount of assets of wealth management clients (RMB trillion)	1.37	1.40	-2.14%
Number of high-net-worth clients (10 thousand) (Note 3)	3.17	3.00	5.67%

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

## Chapter 3: Report of the Board of Directors

- Notes:
1. Trading volume of stocks and funds represents two-way trading volume;
  2. Wealth management clients refer to individual clients with assets under custody amounting to RMB300,000 and above;
  3. High-net-worth clients refer to clients with assets under custody amounting to RMB8 million and above;
  4. The above data are data of the parent company.



Source: Periodic reports of the Company and the Asset Management Association of China

For futures brokerage business, the trading of commodity market was active in 2023. The cumulative trading volume and turnover of China's futures market amounted to 8.501 billion lots and RMB568.51 trillion, representing a year-on-year increase of 25.60% and 6.28%, respectively. As at the end of the 2023, clients' equity in the market amounted to RMB1.42 trillion, representing a year-on-year decrease of 3.92%. The fee income of the whole industry amounted to RMB23.465 billion, representing a year-on-year decrease of 4.85%. China Merchants Futures actively fulfilled the responsibility of serving the real economy, continuously strengthened marketing service capability, vigorously expanded the clients of financial institutions, and promoted the brand building of CM Commodity Research (招商大宗商品研究), CM Risk Manager (招商風險管家), and CTA+ futures asset management. As at the end of 2023, China Merchants Futures' clients' equity amounted to RMB50.474 billion, representing a year-on-year increase of 51.22%.

For the overseas market, CMS International focused on product diversification, continued to optimize the CMSI APP (招證國際APP) to improve client experience, and vigorously expanded the business of large corporate clients and overseas peer clients. The Company proactively developed institutional clients for quantitative and passive investment in the weak market. The Company's market share of the Hong Kong stock market turnover hit a record high. As of the end of 2023, CMS International's clients' assets under custody amounted to HK\$169.943 billion, and its trading volume of stocks in the Hong Kong market amounted to HK\$167.291 billion in 2023.

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

In 2023, in order to implement the CSRC's package of policy arrangements to activate the capital market and boost investor confidence, the Exchanges lowered the minimum margin ratio of financing to revitalize existing funds and support moderate financing demand. Meanwhile, the CSRC further optimized the mechanism for securities lending and refinancing, and strengthened the counter-cyclical adjustment of securities lending business to effectively promote the long-term healthy development of the capital market. As of the end of 2023, the balance of margin financing and securities lending in A share market amounted to RMB1.65 trillion, representing a year-on-year increase of 7.17%, of which the balance of margin financing amounted to RMB1.58 trillion, representing a year-on-year increase of 9.33%, and the balance of securities lending amounted to RMB71.597 billion, representing a year-on-year decrease of 25.33%.

During the Reporting Period, the Company closely followed the demand of the market and clients, and actively carried out product and service innovation. It enhanced marketing services, quickly responded to client demand, and provided personalized service solutions for key clients. The Company prudently carried out stock pledge business, improved its risk management and control capabilities, and maintained excellent asset quality.

As of the end of the Reporting period, the balance of the Company's margin financing and securities lending amounted to RMB82.761 billion, and the maintenance coverage ratio was 278.95%. The balance of stock pledge repo to be repurchased (including contribution from asset management plans) amounted to RMB22.775 billion, and the overall collateral coverage ratio was 211.31%. Of which, the balance of contribution from self-owned capital amounted to RMB18.529 billion, and the overall collateral coverage ratio was 254.93%.

For the overseas markets, CMS International proactively managed risks, actively reduced the scale of high-risk collateral, and effectively avoided potential losses. As of the end of 2023, the balance of margin financing amounted to HK\$2.545 billion, representing a year-on-year decrease of 22.22%, and the maintenance coverage ratio was 386.90%.

## Chapter 3: Report of the Board of Directors

Operating indicators	As at the end of 2023	As at the end of 2022	Year-on-year change
Balance of margin financing and securities lending (RMB100 million)	827.61	800.34	3.41%
Market share of margin financing and securities lending	5.01%	5.20%	Decreased by 0.19 percentage point
Of which: Balance of securities lending (RMB100 million)	34.16	30.07	13.60%
Market share of balance of securities lending	4.77%	3.14%	Increased by 1.63 percentage points
Balance of stock pledge repo (including contribution from asset management plans) (RMB100 million)	227.75	200.95	13.34%
Balance of stock pledge repo by self-owned capital (RMB100 million)	185.29	140.76	31.64%
Balance of overseas margin financing (HK\$100 million)	25.45	32.72	-22.22%

Source: Internal statistics of the Company

### (3) Institutional client integrated services

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

In 2023, various new regulatory regulations were introduced, and the mutual fund and private fund industries developed in a more standardized and transparent manner and with high quality. According to the statistics from the Asset Management Association of China, as of the end of 2023, the AUM of the mutual fund industry amounted to RMB27.60 trillion, and the AUM of private securities investment funds amounted to RMB5.72 trillion, representing an increase of 6.03% and 2.87% respectively from the end of 2022.

### ① Institutional integrated services

In 2023, the Company continued to promote the business transformation of institutional clients, and improve the marketing service system of institutional clients from multiple aspects including strategy, mechanism, team, process, and system. The Company implemented the strategic “14th Five-Year Plan” for institutional business, and established an institutional business committee to coordinate and promote the development of institutional business. The Company further promoted the implementation of the institutional client manager system, and deepened the collaborative mechanism between the Company’s headquarters and brokerage branches. The Company fully integrated its institutional business resources, achieved full coverage of important institutional clients including mutual fund, private fund, and bank wealth management, as well as a personalized service model for client segments. In terms of mutual fund business, the Company actively deployed the construction of ETF ecosystem and securities settlement business, and effectively increased the scale of financial product held. In terms of private fund business, the Company continued to meet clients’ demands for comprehensive financial services by providing Prime brokerage service. The Company increased investment in the digital construction of institutional business, launched the building of institutional professional service platform, continued to improve the digital marketing service system of its institutional business so as to enhance the comprehensive service capabilities for institutional clients.

As of the end of 2023, the trading service coverage ratio of key private fund clients with asset size over RMB5 billion reached 79%, and the asset scale of transactions by private fund clients increased by 12.22% year-on-year.

### ② Research

As of the end of 2023, CMS offers research coverage of 2,518 listed companies in China and overseas, and 94% of the total market capitalization of the constituent stocks of the CSI 300 Index, 93% of the total market capitalization of the constituent stocks of the ChiNext Board, and 75% of the total market capitalization of the constituent stocks of the STAR Market. The Company takes industry-leading positions in the research of a wide range of sectors, including quantitative trading and fund evaluation, fixed-income, electronics, media, light industry and textiles, real estate, strategy, electric devices and new energy, food and beverage, macro-economy, finance, communications, computers, automobiles, transportation, non-ferrous metals, home appliances and military industries.

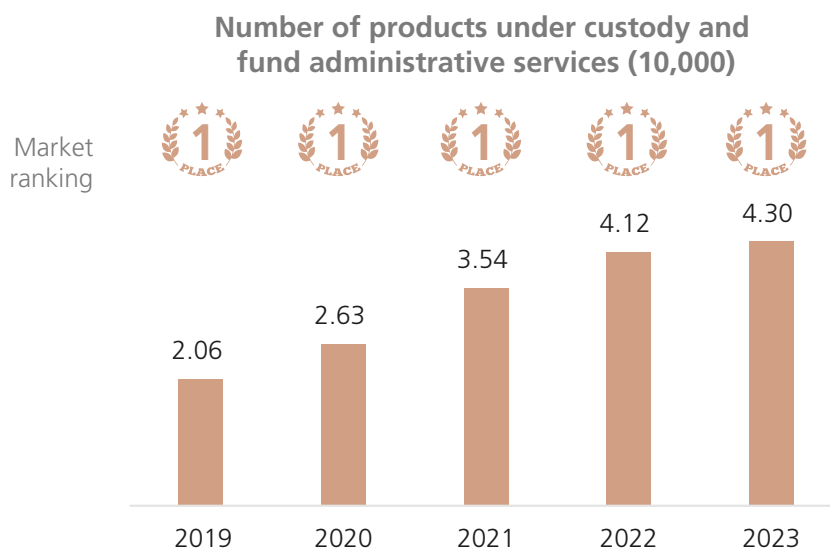
In 2023, the CSRC systematically promoted the fee rate reform of the mutual fund industry to reduce the cost of investors. Under the new policy background, securities firms will further build the core competitiveness of research business. CMS continued to push forward the transformation of its research business, and maintained a focus on both internal and external value creation. The Company closely focused on the “three-curve” development path to promote business transformation and improve the quality of internal and external services in an all-round way. For the first curve, the Company continued to improve the service quality for core clients in the fields of mutual fund, insurance asset management, and private fund, actively organized high-quality investment research activities, and organized 10 forums on overseas topics, wealth management, and TMT industry, to further consolidate and enhance the Company’s influence as a research brand. For the second curve, the Company focused on internal value creation, actively practiced the “research +” development model, promoted the coordination of “investment + research + investment banking” with industrial chain research, and launched the industrial chain map and industrial chain themed forum to effectively empower the Company’s business development. For the third curve, with the goal of building the brand of “CMS Think Tank” (招商智庫), the Company released a series of research reports related to national strategies and macro situations to enhance its influence in the capital market in an all-round way.

## Chapter 3: Report of the Board of Directors

### ③ Custody and fund administrative services

For the custody and fund administrative services, the Company upheld the four business strategies of providing excellent services, prioritizing professional quality, adhering to innovation-driven development and promoting technological enablement, so as to build the core competitiveness. Leveraging its abundant platform resources, the Company built a three-dimensional collaborative marketing system to reinforce the industry leading advantages. The Company vigorously advanced the process of business digitalization, reconstructed the fundamental system of custody business, upgraded the custody institutional service platform to innovate services, and further gave full play to the comprehensive competitive advantages of the custody business by developing the industry's first "channel +" service platform to build an ecosystem in the private fund industry. In terms of compliant operation, the Company is the only securities firm in the industry that has obtained the ISAE3402 international certification for ten consecutive years, and the first securities firm in the industry that has obtained the SOC2 (System and Organization Controls) Type I, Type II certification. The business quality, service capabilities, internal control and data security of the Company's asset custody and financial administrative services continued to meet international standards. In terms of business innovation, the Company continued to promote the cross-border fund administrative manager business and the innovative "T0 valuation" business. The Company is the first in the securities industry to custody "MOM Futures Asset Management Plan" (MOM 期貨資管計劃).

As of the end of 2023, the number of products under custody and fund administrative services of the Company amounted to 43.0 thousand, representing a year-on-year increase of 4.32%, and the size of which amounted to RMB3.47 trillion, representing a year-on-year increase of 0.19%. According to the statistics from the Asset Management Association of China and Wind, the Company's market share in terms of the number of private fund products under custody reached 21.91% and ranked 1st in the industry for ten consecutive years. The Company ranked 3rd in the securities industry in terms of the amount of mutual fund products under custody.



Source: Periodic reports of the Company and the Asset Management Association of China

### 2. Investment banking business

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

In 2023, the Company further promoted the transformation and building of a modern investment bank, focused on the development of the real economy and major national strategic orientation. The Company increased investment strategically to build its professional and regional core competitiveness, with a focus on strengthening the business of the BSE. The Company steadily advanced the application and reserve of high-quality IPO projects, vigorously promoted the implementation of strategic initiatives including the “Gazelle Incubator Project” (羚躍計劃) and the corporate client manager system, and continuously improved the ability of characteristic financial services in technological finance, green finance and inclusive finance as a way to facilitate the high-quality development of investment banking business.

#### (1) Equity financing

In 2023, the full implementation of the registration-based IPO system was officially commenced, and a multi-level capital market was improved. However, due to factors such as the downturn in the market environment as well as tightened IPOs and refinancing periodically, the number and amount of equity financing in the A share market declined. According to the statistics from Wind, the number of shares issued in the A share market was 833, with the total amount of equity financing was RMB912.243 billion (excluding share issuance for asset acquisition, same for below), representing a year-on-year decrease of 18.33% and 35.35%, respectively. Of which, a total of 314 IPOs were completed in the A share market with raised proceeds of RMB358.971 billion, representing a year-on-year decrease of 31.27%. The proceeds raised from 519 refinancing amounted to RMB553.272 billion, representing a year-on-year decrease of 37.75%.

The Hong Kong stock market was weak due to the Federal Reserve’s interest rate hikes, the slower-than-expected economic recovery, geopolitical conflicts and other factors. According to the statistics from Bloomberg, in 2023, 67 IPOs were completed in the Hong Kong stock market with raised proceeds of US\$5.870 billion, representing a year-on-year decrease of 56.18%. The amount of equity financing in the Hong Kong stock market was US\$16.416 billion, representing a year-on-year decrease of 28.34%.

In 2023, the Company further promoted the professional transformation of investment banking, vigorously developed refinancing business, and improved the ranking in terms of the number of equities underwritten. According to the statistics from Wind, the Company ranked 9th in the industry in terms of the value of A share projects underwritten as a leading underwriter, and the Company ranked the 11st place in terms of the number of A share equity projects underwritten as a leading underwriter, in which, the Company ranked 7th in the industry in terms of the number of refinancing projects underwritten, representing a year-on-year increase of 5 places. According to the statistics from Bloomberg, in the Hong Kong stock market, the Company completed a total of 5 underwriting projects, with an underwritten amount of US\$26.97 million, of which 3 were Hong Kong IPO projects sponsored by the Company. According to the statistics from Dealogic, the Company ranked 6th among Chinese brokers in terms of the number of Hong Kong IPO projects sponsored. During the Reporting Period, the Company deeply practiced the mission of making China a financial power, continuously improved the service capabilities of technological finance and green finance, and promoted the high-quality development of the real economy. The Company assisted 17 enterprises in related industries in completing equity financing, with an underwriting amount of RMB12.972 billion.



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In 2023, the Company completed a number of market influential projects, including but not limited to A share IPO projects of SolaX Power (艾羅能源) (a leading enterprise in the field of household energy storage), I-TEK OptoElectronics (a leading enterprise in the field of machine vision), Kangxi Communication (a leading enterprise in Wi-Fi RF front-end chips), Leo-King Environmental Group (朗坤環境) (a leading enterprise in the field of organic solid waste treatment and circular economy), Decro Film New Materials (a leading enterprise of functional BOPP film in China) (德冠新材), and Shijihengtong (世紀恒通) (a leading enterprise in the field of information technology services), the Hong Kong IPO projects of YH Entertainment Group (樂華娛樂) (the first artist management company listed in the Hong Kong market), Lancang Ancient Tea (瀾滄古茶) (the first Pu'er tea company listed in the Hong Kong market), and The Fourth Paradigm (第四範式) (the top 10 projects in Hong Kong IPOs in terms of proceeds raised), the non-public issuance of Dongrui Food Group (東瑞股份) (China's key leading enterprise in the agriculture and animal husbandry industry) and the convertible bond project of Sunoren Solar Technology (芯能科技) (a leading enterprise in the field of distributed photovoltaic).

During the Reporting Period, the Company vigorously promoted the application of high-quality IPO projects, and strengthened business development of the BSE. The overall reserve of equity projects remained stable. According to the statistics from Wind and the Exchanges, as of the end of 2023, 27 A share IPO projects underwritten by the Company were pending approval (including projects to be offered or to be registered with the CSRC), ranking 9th in the industry. The Company ranked 7th and 6th in the industry in terms of the number of IPO projects pending approval on the STAR Market and BSE, respectively. The Company continued to serve technological innovation enterprises in the growth stage, and actively promoted the business opportunity of companies in the "Gazelle Incubator Project" company database. As of the end of the Reporting Period, a total of 441 companies have been selected into the "Gazelle Incubator Project" company database, and a total of 45 companies have signed investment banking business agreement.

A share projects	2023		2022		Year-on-year change in amount (%)
	Lead underwriting amount (RMB100 million)	Number of projects	Lead underwriting amount (RMB100 million)	Number of projects	
IPOs	70.51	6	101.32	7	-30.40%
Refinancing	131.57	18	308.94	14	-57.41%
Total	202.08	24	410.26	21	-50.74%

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

Note: The initial public offering projects include the projects listed on the BSE; refinancing excludes share issuance for asset acquisition.

## (2) Debt financing

In 2023, benefiting from the economic recovery and the decline in financing costs, the financing amount of the domestic bond market maintained stable growth. According to the statistics from Wind, the total domestic bonds (excluding central bank bills and inter-bank deposit certificates) issued amounted to RMB45.15 trillion, representing a year-on-year increase of 10.76%. Of which, the total credit bonds (excluding treasury bonds, local government bonds, central bank bills, inter-bank deposit certificates and policy bank bonds, same for below) issued amounted to RMB18.85 trillion, representing a year-on-year increase of 5.60%. The total corporate bonds issued amounted to RMB3.86 trillion, representing a year-on-year increase of 24.75%. The total financial bonds issued amounted to RMB9.99 trillion, representing a year-on-year increase of 5.72%. The total ABS issued amounted to RMB1.88 trillion, representing a year-on-year decrease of 6.80%. According to the statistics from Bloomberg, the Chinese offshore bonds (excluding RMB bonds) issued amounted to US\$38.654 billion, representing a year-on-year decrease of 48.79%.

During the Reporting Period, the Company continued to optimize the structure of its bond business, strengthened the development of central enterprise bonds, financial bonds, high-quality bonds of local state-owned enterprises and REITs, enhanced the development of credit bond business in key regions, and maintained a stable ranking in the credit bond business. According to the statistics from Wind, in 2023, the domestic bonds lead underwritten by the Company amounted to RMB325.806 billion, representing a year-on-year increase of 18.49%. Of which, the credit bonds underwritten amounted to RMB322.106 billion, ranking 8th in the industry. The financial bond and corporate bond business performed well, with the underwriting amount increasing by 66.11% and 32.05% year-on-year, respectively. The Company's ABS product structure became more balanced. The underwriting amount of credit ABS and corporate ABS business ranked 2nd and 7th in the industry, respectively. The Company gave full play to the innovative advantages of bond business and vigorously developed innovative businesses including infrastructure REITs. Since 2021 to the end of the Reporting Period, the Company ranked 3rd in the industry in terms of the aggregate initial offering amount of infrastructure REITs for which the Company acted as a financial advisor. The Company continued to practice the development concept of green finance and technological finance, and assisted in the issuance of multiple green bonds and technological innovation corporate bonds, with an underwritten amount of RMB25.222 billion. The Company focused on improving services for inclusive finance, further promoted rural revitalization construction, and assisted in the issuance of a number of "rural revitalization" and "Three Rural Issues" (三農)-themed bonds and inclusive finance-themed products, with an underwritten amount of RMB29.964 billion.

In 2023, the Company completed a number of market influential projects, including the listing of AVIC Jingneng Photovoltaic REIT (中航京能光伏REIT) (one of the first batch of new energy REITs and the first photovoltaic public offering REIT in China), and the fund raising expansion of the listing of Shekou Industrial Zone REIT (蛇口產園REIT) (one of the first infrastructure public offering REITs in the market), the Beijing Energy International's Phase-I Special Plan for Carbon-neutral green assets (京能國際1期資產支持專項計劃(碳中和)) (the first carbon-neutral green renewable ABS backed by the receivables of state subsidy in the market), the 2023 Phase-I Green Financial Bonds of Chery HuiYin Motor Finance Service (奇瑞徽銀汽車金融2023年第一期綠色金融債券) (the first green financial bonds issued by an automobile finance company in China), the 2023 Phase-I Carbon-Neutral Green Corporate Bonds of China Overseas Grand Property Group (中海宏洋地產集團2023年第一期碳中和綠色公司債券) (the first carbon-neutral green corporate bonds in the real estate industry), the 2023 "Three Rural Issues" special financial bonds of Agricultural Bank of China (中國農業銀行2023年「三農」專項金融債券) (the first "Three Rural Issues" special financial bonds linked to a specific theme in the market), and the 2023 rural revitalization special corporate bonds (second tranche) of Xinjiang Zhongtai Group (新疆中泰集團) (the first cotton-themed corporate bonds in China).

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Domestic bonds	2023		2022		Year-on-year change in amount (%)
	Lead underwriting amount (RMB100 million)	Number of issuance	Lead underwriting amount (RMB100 million)	Number of issuance	
Enterprise bonds	0.07	1	8.40	2	-99.19%
Corporate bonds	781.14	218	591.53	165	32.05%
Financial bonds	1,220.37	122	734.66	79	66.11%
Short-term financing bonds	49.23	14	85.10	27	-42.15%
Medium-term notes	226.46	57	141.07	30	60.53%
Private placement notes	60.97	18	77.6	30	-21.42%
Exchangeable bonds	0.83	1	0.00	0	—
Asset-backed securities	917.99	586	1,111.41	499	-17.40%
Others	1.00	1	0.00	0	—
Total	3,258.06	1,018	2,749.76	832	18.49%

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

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

### (3) Financial advisory

In 2023, transactions in global M&A market slowed down continuously. According to the statistics from Bloomberg, a total of 48.9 thousand transactions were announced in the global M&A market, and the total transaction value amounted to US\$2.87 trillion, representing a year-on-year decrease of 22%. The transaction value announced in the domestic M&A market also showed a downward trend. According to the statistics from Wind, 9,057 transactions were announced in China's M&A market (excluding overseas M&A), and the transaction value amounted to RMB2.00 trillion, representing a year-on-year decrease of 23.20%. 4,275 transactions were completed, and the transaction value amounted to RMB1.21 trillion, representing a year-on-year increase of 0.56%.

During the Reporting Period, the Company seized the opportunities arising from state-owned enterprise reform, actively facilitated economic structural transformation and upgrade, gave full play to its role as a professional support platform for the capital operation, actively promoted the development of industry-finance integration and financial sector integration projects within China Merchants Group, and further deepened the cooperation with strategic clients of state-owned enterprises. According to the statistics from Wind, in 2023, the Company completed 2 M&A and restructuring projects in the A share market, with a transaction value of RMB11.135 billion, including the acquisition of equity interests of Tianxin Breeding (天心種業) and other companies by New Wellful (新五豐) (a state-owned regional leading enterprise in the hog industry), and the issuance of shares to purchase assets and raise supporting funds by China Merchants Shekou Industrial Zone Holdings. According to the statistics from Wind and the Exchanges, as of the end of 2023, two M&A and restructuring projects of the Company were pending approval, ranking 3rd in the industry. In overseas market, the Company completed the acquisition of Best Mart 360 (優品360) by China Merchants Hoi Tung, with a transaction value of approximately HK\$1.76 billion. This is the first general offer deal that the offer was made by the seller in the Hong Kong market.

### 3. Investment management

The Company engages in securities asset management business and private equity fund management business through its subsidiaries, namely China Merchants Securities Asset Management Co., Ltd. and China Merchants Zhiyuan Capital Investment Co., Ltd. The Company engages in mutual fund management business through its associates, namely Bosera Funds and China Merchants Fund.

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

In 2023, the income and AUM of securities asset management industry declined. According to the statistics from the Securities Association of China, in the first three quarters of 2023, the total income of securities asset management industry recorded a year-on-year decrease of 19.16%, and at the end of the third quarter of 2023, AUM decreased by 8.27% as compared to the end of 2022. In the face of a complex and volatile business environment, securities companies have expedited the pace of establishing asset management subsidiaries and applying for mutual fund licenses to enhance their active management capabilities, making the industry competition increasingly fierce.

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During the Reporting Period, CMS Asset Management continued to improve the building of the investment research team and investment research mechanism to cultivate and develop investment research capabilities. CMS Asset Management actively promoted product issuance, optimize product structure, accelerated the launch of new strategic products, and built mutual fund and private fund product lines. By enhancing internal collaboration, CMS Asset Management expanded bank, corporate and institutional clients, promoted business model innovation, and provided customized fixed income, FOF and equity products for institutional clients to meet client demands. It strengthened the expansion and operation of banking channels and Internet channels, and steadily increased the product sales amount of Internet channels. CMS Asset Management took multiple measures in investment research and trading, risk control and compliance, marketing services, and operation management to facilitate the digital construction of asset management business. The CMS Asset Management's application for the qualification of mutual fund management business was approved during the year, and became the first securities firm engaging in asset management business to be approved for such qualification upon the promulgation of the new regulations of one minority participating, one controlling, one license" (一參一控一牌) (the Administrative Measures for the Supervision of Publicly Offered Securities Investment Fund Managers (《公開募集證券投資基金管理人監督管理辦法》)), namely, on the basis of non-controlling in one fund and controlling one fund, the same entity could also apply for one mutual fund license. In the future, the Company will vigorously strengthen its active management capabilities and actively deploy mutual fund product lines. As of the end of 2023, the AUM of CMS Asset Management amounted to RMB294.854 billion.

Items	AUM (RMB100 million)		Net income from asset management business (RMB100 million)	
	2023	2022	2023	2022
Collective asset management	1,151.96	1,380.08	5.10	6.40
Separately managed account	1,071.02	1,153.57	1.71	2.57
Specialized asset management	725.56	637.69	0.27	0.35
<b>Total</b>	<b>2,948.54</b>	<b>3,171.34</b>	<b>7.08</b>	<b>9.32</b>

Source: Internal statistics of the Company

### (2) Private equity fund management

In 2023, a series of administrative measures and operational regulations for the private equity asset management industry were promulgated, with an aim to promote the formation of a self-regulatory rule system covering the entire process of "fundraising, investment, management and withdrawal" and boost high-quality development in the industry. During the Reporting Period, China's equity investment market was in a stage of adjustment, with the amount of funds raised maintaining a downward trend and the pace of investment slowing down. According to the statistics from Zero2IPO Research, in 2023, the proceeds raised in China's equity investment market amounted to RMB1.82 trillion, representing a year-on-year decrease of 15.47%. The total investment, as disclosed, amounted to RMB692.826 billion, representing a year-on-year decrease of 23.67%. There were 3,946 exit cases for the year, representing a year-on-year decrease of 9.60%, among which the number of IPO cases of investees decreased, and the number of repurchase transactions increased significantly.

During the Reporting Period, CMS Zhiyuan Capital was deeply engaged in key regions, with a focus on key areas, and actively served the strategy for coordinated regional development. In cooperation with local governments, state-owned enterprises, national funds, etc., CMS Zhiyuan Capital established 9 new private equity funds in a total amount of RMB6.225 billion, to contribute to the transformation and upgrading of the regional economy. In terms of investment, CMS Zhiyuan Capital carried out in-depth research on key tracks such as technological finance and green finance, continued to increase the amount of investment to provide precise financial support for high-quality technological innovation enterprises, and contributed to the high-quality development of national strategic emerging industries. In 2023, CMS Zhiyuan Capital invested in 15 companies, with a total investment amount of RMB1,235 million. In terms of post-investment management, it continuously optimized the internal operation process and management system, and improved fund operation and post-investment empowerment. In terms of project exits, the exiting proceeds of projects under management in 2023 amounted to approximately RMB800 million. According to the statistics from the Asset Management Association of China, in the fourth quarter of 2023, the average monthly private AUM of CMS Zhiyuan Capital amounted to RMB20.383 billion, ranking 9th in the securities industry.

### (3) Fund management

In 2023, there were significant fluctuations in the domestic equity market with rapid industry sector rotation. Meanwhile, the new fund offerings remained stagnant, and investment sentiment needed to be boosted. However, the overall amount of mutual funds still achieved steady growth and exceeded the amount of bank wealth management products for the first time. At the same time, the financial regulatory system was further optimized, and the full implementation of the registration-based IPO system was officially commenced. Substantial steps were taken in terms of the reform of management fee rate of mutual funds, bringing new opportunities and challenges to the mutual fund industry.

#### ① Bosera Funds

The Company holds 49% of the equity of Bosera Funds. During the Reporting Period, focusing on building the three capabilities of “wealth management, financial technology and risk management”, Bosera Funds adhered to general principle of pursue progress while ensuring stability, maintained its strategic focus, advanced reform and innovation, comprehensively enhanced its core competitiveness. Aiming at building equity investment capacities, Bosera Funds deepened the integrated reform of investment research, strengthened the refined management, and comprehensively improved wealth management capabilities, thereby significantly improving the performance of equity investment. Aiming at building a leading edge in digital intelligence, Bosera Funds continued to promote the development of key projects, and comprehensively improved financial technology capabilities. Aiming at consolidating the foundation for steady development, Bosera Funds made proactive research and judgment to prevent risks, improved risk control and compliance management capabilities in an all-round way. Adhering to reform and innovation, Bosera Funds continuously improved the product and business structure, and expanded the business scale. It maintained the leading position in the industry in terms of institutional business, and the retail business ranking progressed steadily. The pension business continued to expand. It further improved the passive product line. The amount of multiple index products, including Hang Seng Medical ETF (恒生醫療ETF), China Development Bank ETF (國開ETF), Science and Technology Innovation 100 ETF (科創100ETF), S&P 500 ETF and Gold ETF (黃金ETF), ranked among the top in the market. The convertible bond ETF is the only product in the market that tracks the CSI convertible bond ETF.

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As of the end of the Reporting Period, the AUM of Bosera Funds amounted to RMB1,564.9 billion (including the assets managed by subsidiaries), representing a decrease of 4.87% as compared to the end of 2022. Of which, AUM of mutual funds (excluding feeder funds) amounted to RMB949.6 billion, representing a decrease of 0.43% as compared to the end of 2022. The AUM of non-monetary mutual funds amounted to RMB531.6 billion, representing an increase of 4.31% as compared to the end of 2022. According to the statistics from Wind, as of the end of 2023, Bosera Funds ranked 7th in the industry in terms of AUM of non-monetary mutual funds, and ranked 2nd in terms of AUM of bond mutual funds.

### ② China Merchants Fund

The Company holds 45% of the equity of China Merchants Fund. During the Reporting Period, focusing on the “high-quality development” requirements of mutual funds and the strategic priorities of “one core, two engines, and four missions” (一核、兩擎、四化), China Merchants Fund stabilized its results, expanded its growth, enhanced its capabilities and held its bottom line, thereby steadily improving its operating performance amid the challenge of sluggish fund market. In terms of developing investment research capabilities, it optimized the industrial chain research group, facilitated the establishment of the digital investment research platform, and continuously improved investment research capabilities. In terms of product layout, it bucked the trend in equity product layout, and launched the industry’s first batch of hybrid valuation, shareholder return ETF of central enterprises, manager concession and the first green bond index product, so as to meet the needs of investors through business model innovation. In terms of client management, it actively facilitated the development of channels and acquisition of clients, steadily promoted the investment advisory business, fully grasped the development opportunities of pension business, and deepened customer companionship and investor education to meet client needs and achieve steady growth in scale. In terms of fundamental management, it reinforced the concept of being value-oriented, optimized human resources management, quickened digital transformation, and strengthened risk control compliance and operational security management to enhance the quality and efficiency of various businesses.

As of the end of the Reporting Period, the AUM of China Merchants Fund (including the assets managed by subsidiaries) amounted to RMB1,550.4 billion, representing an increase of 4.85% as compared to the end of 2022. Of which, AUM of mutual funds (excluding feeder funds) amounted to RMB860.6 billion, representing an increase of 11.70% as compared to the end of 2022; and AUM of non-monetary mutual funds amounted to RMB575.6 billion, representing an increase of 2.62% as compared to the end of 2022. According to the statistics from Wind, as of the end of 2023, China Merchants Fund ranked 4th in the industry in terms of AUM of non-monetary mutual funds, and ranked 1st in terms of AUM of bond mutual funds.

### 4. Investment and trading

In 2023, the domestic macro economy generally showed a recovery trend. The economy rebounded significantly in the first quarter and made a good start at the beginning of the year. Although economic activity weakened since the second quarter, and the growth rate of some indicators slowed down, the performance of major economic indicators was steadily improving. In the overseas market, affected by the Federal Reserve’s interest rate hikes and high inflation, there was a retraction of demand. However, as inflation rate slowed down and the market expected the Federal Reserve to end its rate hike, the impact on the financial market began to shift. In 2023, the performance of the A share market was under pressure, and the overall domestic bond market was stable. The ChinaBond Composite Total Return Index rose by 4.78% during the year, which was slightly higher than the average bond market growth in the past ten years. In the overseas market, US bond interest rates rose sharply amid fluctuations, while the performance of the Chinese US dollar bond market was weak.

The Company thoroughly implemented the asset allocation strategy of “being large-scale while maintaining stability”, coordinated resource allocation, investment decision-making and risk management in a top-down approach, adjusted and optimized the investment structure in a timely manner in line with changes in market situation, and enhanced its business strategies to effectively improve the stability of investment returns. As of the end of 2023, the Company’s financial assets amounted to RMB374.604 billion, representing a year-on-year increase of 21.42%.

For equity investment, the Company actively improved the risk control system, continuously optimized investment research team, took absolute return as the guide to pay close attention to the macro environment and national policies, and upheld the long-term trend of industrial development and selected industry leaders.

For equity derivatives investment, the Company continuously developed capital-based intermediary trading business such as listed derivatives market making, securities market making, and OTC derivatives, as well as market-neutral investment business such as quantitative strategies. For listed derivatives market making, the Company further applied financial technologies such as big data and machine learning to improve price discovery and risk management capabilities. The Company actively developed technological finance and green finance, and obtained market-making qualifications for derivatives such as ETF options on the STAR Market and lithium carbonate options to facilitate the risk management needs of related industries. As of the end of the Reporting Period, the Company’s qualifications for listed derivatives market making increased to 88, ranking 1st among securities companies, and the proportion of AA rating of stock options market-making business ranked 1st in the industry. For fund market making, the number of fund market making projects reached 437, and the proportion of AA ratings in the fund market making business was at the forefront in the industry, leading the market in terms of market-making quality and competitiveness. The Company steadily carried out market making business on the STAR Market, and provided market making services for 39 stocks on the STAR Market. At the same time, the Company is also one of the first batch of market makers on the BSE. For OTC derivatives, the Company continued to strengthen the infrastructure, optimized the “CMS Tianyan Platform” (招商證券天衍平台), consistently improved the efficiency of settlement and management, enriched the varieties of OTC options and income swaps, and expanded the coverage of transaction targets, so as to help institutional and corporate clients improve their global asset allocation and risk management capabilities. The Company launched the CMS China Assets Risk-Parity Rotation Indexs and successfully issued a related product, effectively meeting the investors needs for diversified investment. The nominal principal of OTC derivatives increased significantly year-on-year at the end of the year.

For fixed-income investment, the Company accurately grasped the allocation and swing trading opportunities of the bond market, strengthened digital empowerment, vigorously developed market-neutral strategies, actively carried out market making business, steadily expanded overseas bond investment, and continued to improve its credit risk management capabilities. During the Reporting Period, the Company’s yield of domestic fixed-income investment significantly outperformed the ChinaBond Composite Wealth Index. For market-neutral strategy, the Company strengthened the fixed income quantitative system to promote the steady increase in the amount of market-neutral strategic investment. The amount of derivatives trading continued to grow, among which the trading volume of standard bond forwards and treasury bond futures increased by 148.40% and 60.46% year-on-year, respectively. In terms of market making, the Company continuously optimized the automated market-making system and improved its pricing capability. The market making trading volume of China government bond (CGB) futures increased by 66.73% year-on-year. The Company was among the first batch to carry out market making for 30-year CGB futures and participate in market making for exchange-based bond. The development of Bond Connect “Northbound Trading” was expedited, with its trading volume increasing by 748.96% year-on-year. The market making for bonds of Export-Import Bank of China continued to rank among the top in the market. In terms of credit risk management, the Company has a comprehensive and effective credit risk management system, and there were no credit risks during the Reporting Period.



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For foreign exchange, the Company continued to expand its trading currencies and products, covering domestic and foreign currency market such as RMB foreign exchange, G7 currency proprietary business, foreign currency lending, foreign currency repurchase and treasury bond cross-currency swap, and basically achieved full coverage of the foreign exchange business of the China Foreign Exchange Trade System. The Company's foreign exchange client business system passed the acceptance testing by the State Administration of Foreign Exchange in September 2023. The Company will steadily promote the foreign exchange client business in the future.

For alternative investment, adhering to the concept of "the financial industry should serve the real economy", CMS Investment improved the investment research capabilities of industrial chain, focused on investment in key areas, made investment in carefully selected high-quality targets to support the quality development of excellent enterprises, invested approximately RMB1 billion during the Reporting Period, paid attention to the risk prevention and control as well as risk disposal of invested projects, actively grasped market opportunities, and completed the exit of a number of projects.

### II. Industry Condition of the Company during the Reporting Period

The development of the securities industry was affected by many factors such as China's macro economy, monetary policy, regulatory environment, investor trading activity and the international market, resulting in significant cyclical fluctuations.

2023 was the first year for the full implementation of the guiding principle of the 20th National Congress of the Communist Party of China. During the year, China's economy rebounded, high quality development was advanced, important progress was made in building a modern industrial system, breakthroughs were achieved in scientific and technological innovation, reform and opening up were deepened, and the annual GDP grew by 5.2%. The full implementation of the registration-based IPO system was successfully commenced, significant progress were made in major reforms such as the transfer of responsibilities in reviewing enterprise bond issuance to exchanges and the high-quality development of the BSE, the functions of the capital market were effectively played, and the quality and efficiency of serving the real economy and scientific and technological innovation were continuously enhanced, all of which actively contributed to the economic recovery and high-quality development. The 2023 Central Financial Work Conference proposed to "better play the role of the capital market hub" and "cultivate first-class investment banks and investment institutions", pointing out the direction and enhancing confidence in promoting the high-quality development of the capital market.

Affected by factors such as the global economic downturn, frequent geopolitical conflicts, domestic economic cyclical and structural conflicts, the A share market generally showed a volatile trend in 2023. The SSE Composite Index and SZSE Component Index, ChiNext Index, CSI 300 Index, STAR 50 Index, and Hang Seng Index fell by 3.70%, 13.54%, 19.41%, 11.38%, 11.24% and 13.82%, respectively. The BSE 50 Index and the ChinaBond Composite Total Return Index rose by 14.92% and 4.78%, respectively. The average daily trading volume of stocks and funds in the A share market was RMB994.7 billion, representing a year-on-year decrease of 2.88%. The transaction rate of mutual funds entered a downward channel, and brokerage commission rate continued to decline. IPOs and refinancing were tightened in stages. During the Reporting Period, there were 314 A share IPO financing, with an amount of RMB358.971 billion, representing a year-on-year decrease of 31.27%, and 519 equity refinancing, with an amount of RMB553.272 billion, representing a year-on-year decrease of 37.75%. The domestic credit bond financing amounted to RMB18.85 trillion, representing a year-on-year increase of 5.60%, and the existing competition in the securities industry was further intensified.

### III. Business of the Company during the Reporting Period

For details, please refer to “I. Discussion and Analysis of Operations” in this chapter.

### IV. Major Awards in the Business during the Reporting Period

Category	Awarding Authorities	Awards
Wealth management and institutional business	China Securities Journal	2023 Securities Company Golden Bull Award - Top 10 Golden Bull Securities Company, Golden Bull Wealth Management Team, 2023 Securities Industry Golden Bull Analyst Award - Most Popular and Influential Research Institution
	Securities Times	2023 Jun Ding Award for All-round Wealth Broker in Securities Industry of China, Jun Ding Award for Wealth Service Brand
	China Fund	2023 Yinghua Award for Chinese Brokers – Excellent Wealth Management Brokerage Institution, Best Fund Custodian Award of the 25-Year Best Fund Custodian Broker in Mutual Funds and Excellent Private Fund Custody Brokerage Institution
	National Business Daily	2023 Jinding Award for China’s Securities Industry – The Most Comprehensive Wealth Management Broker
	China Securities Investor Services Center, Financial Consumer Rights Protection of Tencent	“Text Case” and “Video Case” Award of the Outstanding Investor Protection Case in the Shareholders Are Coming & Guarding Investors Outstanding Investor Protection Case (2023)
	Shenzhen Securities Investor Service Center	“Excellent Organization Award” in Shenzhen division of Zhejiang Area of the Shareholders Are Coming (2023) Investor Knowledge Contest, “Excellent Production Award” and “Best Work Award” in Shenzhen “Learning Traditional Culture and Improving Investment Literacy” Investor Education Product Selection, and Excellence Award and Gold Award in Shenzhen “Investment Education into the National Education System” Investor Education Product Selection; 2023 Outstanding Organization Award for Investor Education and 2023 Best Investor Education Base in Shenzhen
	CBN	“Best Creativity Award” and “Winning Award” in 2023 Understanding Finance Annual Investment Education Works Exhibition and Broadcast Selection
	New Fortune	“Most Influential Research Institution”, “Best ESG Practice Research Institution” and “Best Industry Research Team – Finance” in the 21th New Fortune Best Analyst Awards

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Category	Awarding Authorities	Awards
Investment banking	China Central Depository and Clearing Co., Ltd.	2023 Excellent Bond Underwriter
	Securities Times	2023 Jun Ding Award for Full-Service Investment Bank in China, Jun Ding Award for Bond Financing Investment Bank, and Jun Ding Award for M&A and Restructuring Financial Advisor
	New Fortune	16th New Fortune “Best Local Investment Bank”, “Best Practice ESG Investment Bank”, “Best Investment Bank in Equity Underwriting”, and “Best Debt Underwriting Investment Bank”
Investment management	China Securities Journal	2023 Golden Bull Broker – Massive Collective Asset Manager, One-year Bullish Equity Golden Bull Asset Management Plan, and One-year Medium and Long-term Pure Debt Golden Bull Asset Management Plan
	China Financial Futures Exchange	Market Contribution Award – Best Contribution Award (Proprietary Category), the Outstanding Market Making Award in the 10th Anniversary of the Listing of Treasury Bond Futures, and 2023 Gold Award for Excellent Market Maker in Stock Index Options
Investment and trading	National Interbank Funding Center	Most Popular Credit Bond Market Maker
	SSE	2023 Stock Options Market Development Contribution Award (Outstanding Options Market Maker), Stock Options Market Development Contribution Award (Contribution to New Option Varieties), Outstanding STAR Market Stock Market Maker (優秀科創板股票做市商), and Outstanding Credit Bond Market Maker
	SZSE	2023 Outstanding Options Market Maker, Excellent ETF Liquidity Service Provider and Outstanding Bond Market-Making Institution
	China Foreign Exchange Trade System	2023 Market Influential Institutions, Market Innovation Business Institutions, and Top 100 of Interbank RMB Foreign Exchange Market
	Export-Import Bank of China	2023 Excellent Market Maker Award, Core Underwriter, Promotion of Regional Coordinated Development Award, Promotion of High-level Opening-up Award
	Agricultural Development Bank of China	2023 Excellent Market Making Institution

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

The Company is the largest securities firm of the SASAC. Since the establishment of the Company more than 30 years ago, the major shareholders, business brands and management team have remained stable.

#### 1. Strong “CMS” brand and shareholder background

Under the control of China Merchants Group, the Company fully benefits from the brand influence of “China Merchants” and the industrial and financial resources within the group. Strongly supported by China Merchants Group, the Company has continued to grow and develop and achieved A+H share listing. It has always maintained a market-oriented operating mechanism and a sound corporate governance structure to provide a solid guarantee for the Company’s steady and long-term development.

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

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

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

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

#### 4. Growing financial technology capabilities

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

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### 5. Sound risk management culture

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

## VI. Operations of Principal Businesses during the Reporting Period

### (I) Analysis of principal businesses

#### 1. Details of changes related to profit and cash flows

Unit: RMB'000

Items	Current period	Previous period	Year-on-year change
Total revenue, other income and gains	30,020,438	29,335,800	2.33%
Total expenses	22,259,203	22,465,851	-0.92%
Profit before income tax	9,295,693	8,531,660	8.96%
Profit for the year	8,769,087	8,077,131	8.57%
Profit for the year attributable to shareholders of the Company	8,763,960	8,070,244	8.60%
Net cash generated from operating activities	15,768,912	55,303,455	-71.49%
Net cash used in investing activities	-24,094,856	-19,129,796	-
Net cash generated from/(used in) financing activities	7,701,274	-21,014,037	-
Net (decrease)/increase in cash and cash equivalents	-624,670	15,159,622	-104.12%

In 2023, the Company recorded total revenue, other income and gains of RMB30.020 billion, profit before income tax of RMB9.296 billion and profit for the year attributable to shareholders of the Company of RMB8.764 billion, representing a year-on-year increase of 2.33%, 8.96% and 8.60%, respectively. Weighted average return on net assets was 7.91%, representing a year-on-year increase of 0.37 percentage point.

## 2. Income

Unit: RMB'000

Items	Current period		Previous period		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Fee and commission income	10,485,053	34.93%	11,916,981	40.62%	-1,431,928	-12.02%
Interest income	10,975,823	36.56%	10,668,243	36.37%	307,580	2.88%
Net gain on investment	6,730,073	22.42%	5,115,011	17.44%	1,615,062	31.57%
Net other income and gains	1,829,489	6.09%	1,635,565	5.58%	193,924	11.86%
<b>Total revenue, other income and gains</b>	<b>30,020,438</b>	<b>100.00%</b>	<b>29,335,800</b>	<b>100.00%</b>	<b>684,638</b>	<b>2.33%</b>

In 2023, the Company recorded total revenue, other income and gains of RMB30.020 billion, representing a year-on-year increase of RMB685 million, or 2.33%, of which:

Fee and commission income of the Company recorded a year-on-year decrease of RMB1.432 billion, or 12.02%, mainly attributable to the decrease in income from securities and futures brokerage business, and asset management and fund management business of RMB1.220 billion and RMB116 million, respectively, of which, the year-on-year decrease in income from securities and futures brokerage business was mainly attributable to the decrease in the trading volume of stocks and funds in both A share and H share markets; the market share of the Company's stocks and funds in Shanghai, Shenzhen and Beijing increased slightly. However, the commission rate of stocks and funds of the Company declined in line with the downward trend of the industry's commission rate, resulting in a year-on-year decline in income from agency trading of securities; the year-on-year decrease in income from asset management and fund management business was mainly attributable to the year-on-year decrease in management fee income as a result of the decrease in AUM of CMS Asset Management, a subsidiary of the Company.

Interest income recorded a year-on-year increase of RMB308 million, or 2.88%, mainly attributable to the year-on-year increase of RMB513 million in interest income from balance, margin and clearing settlement funds of the Exchanges and financial institutions, partially offset by a year-on-year decrease in interest income from margin financing and securities lending of RMB288 million.

Net gain on investment recorded a year-on-year increase of RMB1.615 billion, or 31.57%, of which, the year-on-year increase of RMB4.723 billion in net gain from financial assets at fair value through profit or loss, the year-on-year increases of RMB493 million in dividend and interest income from financial assets at FVTPL, the year-on-year decreases of RMB1.965 billion in investment gains or losses, net from financial liabilities at FVTPL and the year-on-year decreases of RMB2.004 billion in investment gains or losses, net from derivative financial instruments.

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Other income and gains, net recorded a year-on-year increase of RMB194 million, or 11.86%, mainly attributable to the year-on-year increase of RMB107 million in revenue from commodities under China Merchants Futures, a subsidiary of the Company.

### 3. Expenses

Unit: RMB'000

Items	Current period		Previous period		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Depreciation and amortization	766,246	3.44%	697,543	3.10%	68,703	9.85%
Staff costs	5,828,680	26.19%	5,802,870	25.83%	25,810	0.44%
Fee and commission expenses	2,207,597	9.92%	2,449,716	10.90%	-242,119	-9.88%
Interest expenses	9,523,425	42.78%	9,326,511	41.51%	196,914	2.11%
Tax and surcharges	112,556	0.51%	125,696	0.56%	-13,140	-10.45%
Other operating expenses	3,632,884	16.32%	3,756,057	16.72%	-123,173	-3.28%
Impairment losses under expected credit loss model, net of reversal	187,815	0.84%	300,543	1.34%	-112,728	-37.51%
Other impairment losses, net	-	-	6,915	0.03%	-6,915	-100.00%
<b>Total expenses</b>	<b>22,259,203</b>	<b>100.00%</b>	<b>22,465,851</b>	<b>100.00%</b>	<b>-206,648</b>	<b>-0.92%</b>

In 2023, the total expenses of the Company amounted to RMB22.259 billion, representing a year-on-year decrease of RMB207 million, or 0.92%, of which:

Fee and commission expenses amounted to RMB2.208 billion, representing a year-on-year decrease of RMB242 million, or 9.88%, mainly attributable to the year-on-year decrease of RMB308 million in fee and commission expenses of the securities and futures brokerage business.

Interest expenses amounted to RMB9.523 billion, representing a year-on-year increase of RMB197 million, or 2.11%, mainly attributable to the increase in repo business scale, the year-on-year increase in interest expenses of the financial assets sold under repurchase agreements of RMB590 million, the year-on-year increase in interest expenses of placements from banks and other financial institutions of RMB261 million, the year-on-year increase in the interest expenses of accounts payable to brokerage clients of RMB289 million, and the year-on-year increase in interest expenses of borrowings from banks of RMB199 million, partially offset by the year-on-year decrease in the interest expenses of the bonds payable of RMB1.066 billion.

Staff costs amounted to RMB5.829 billion, representing a year-on-year increase of RMB26 million, or 0.44%, which was lower than the increase in total revenue, other income and gains.

Impairment losses under expected credit loss model, net of reversal amounted to RMB188 million, representing a year-on-year decrease of RMB113 million, or 37.51%, mainly attributable to the year-on-year decrease in impairment loss of financial assets held under resale agreements of RMB29 million, the year-on-year decrease in impairment loss of advances to customers of RMB53 million, and the year-on-year decrease in impairment loss on debt instruments at amortized cost of RMB49 million.

Other operating expenses amounted to RMB3.633 billion, representing a year-on-year decrease of RMB123 million, or 3.28%, mainly attributable to the year-on-year decreases of RMB73 million and RMB87 million in advertising and promotion expenses and member fees of stock exchange, respectively.

Other expenses included depreciation and amortization, tax and surcharges and other impairment losses, net.

#### 4. Segment revenues

##### 4.1 Analysis of segment revenues and other incomes

Unit: RMB'000

Business segment	Current period		Previous period		Change		Change
	Amount	Percentage	Amount	Percentage	Amount	Percentage	
Wealth management and institutional business	16,658,312	55.49%	17,863,911	60.89%	-1,205,599	-6.75%	-5.40%
Investment banking	1,426,891	4.75%	1,446,575	4.93%	-19,684	-1.36%	-0.18%
Investment management	1,002,160	3.34%	1,248,028	4.25%	-245,868	-19.70%	-0.91%
Investment and trading	8,485,354	28.27%	6,722,698	22.92%	1,762,656	26.22%	5.35%
Others	2,533,745	8.44%	2,115,357	7.21%	418,388	19.78%	1.23%

In terms of segment revenue and other income, revenue from the wealth management and institutional business segment recorded a year-on-year decrease of RMB1.206 billion, or 6.75%, of which, income from securities and futures brokerage business of the Company decreased year-on-year, attributable to the year-on-year decrease in the trading volume of stocks and funds in both A Share and H Share, and the commission rate of stocks and funds of the Company decreased in line with the downward trend of the industry's commission rate; and the interest income from margin financing and securities of the Company decreased year-on-year, with a slight year-on-year increase in the closing size of the margin financing and securities lending business, but a decrease in interest rate of the margin financing and securities. Revenue from the investment banking business recorded a year-on-year decrease of RMB20 million, representing a slight decrease of 1.36%. Revenue from the investment management business recorded a year-on-year decrease of RMB246 million, or 19.70%, mainly attributable to the year-on-year decrease in management fee income as a result of the decrease in AUM of CMS Asset Management, a subsidiary of the Company. Revenue from the investment and trading business recorded a year-on-year increase of RMB1.763 billion, or 26.22%, mainly attributable to the year-on-year increase in revenue from equity and fixed-income investments. Revenue from other business recorded a year-on-year increase of RMB418 million, or 19.78%, mainly attributable to the year-on-year increase in revenue from commodities under China Merchants Futures, a subsidiary of the Company.



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In terms of revenue composition, the proportion of operating income from the wealth management and institutional business, the investment banking business and the investment management business decreased by 5.40 percentage points, 0.18 percentage point and 0.91 percentage point, respectively, and the proportion of operating income from the investment and trading business and other businesses increased by 5.35 percentage points and 1.23 percentage points, respectively.

### 4.2 Analysis of segment expenses

Unit: RMB'000

Business segment	Current period		Previous period		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Wealth management and institutional business	12,309,319	55.30%	12,816,587	57.05%	-507,268	-3.96%
Investment banking	697,206	3.13%	685,902	3.05%	11,304	1.65%
Investment management	392,952	1.77%	476,558	2.12%	-83,606	-17.54%
Investment and trading	6,270,062	28.17%	5,797,559	25.81%	472,503	8.15%
Others	2,675,688	12.02%	2,750,014	12.24%	-74,326	-2.70%

Of which, expenses of the wealth management and institutional business recorded a year-on-year decrease of RMB507 million or 3.96%, mainly attributable to the decrease in commission from agency trading business and member fees of stock exchange; expenses of the investment management business recorded a year-on-year decrease of RMB84 million or 17.54%, mainly attributable to the decrease in marketing expenses for wealth management products; expenses of the investment and trading business recorded a year-on-year increase of RMB473 million or 8.15%, mainly attributable to the increase in business and management fees resulting from the increase in revenue from the investment management business.

### 5. Cash flows

Unit: RMB'000

Items	Current period	Previous period	Amount increased/ decreased	Percentage increased/ decreased
Net cash generated from operating activities	15,768,912	55,303,455	-39,534,543	-71.49%
Net cash used in investing activities	-24,094,856	-19,129,796	-4,965,060	-
Net cash generated from/(used in) financing activities	7,701,274	-21,014,037	28,715,311	-
Net (decrease)/increase in cash and cash equivalents	-624,670	15,159,622	-15,784,292	-104.12%

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In 2023, the net decrease in cash and cash equivalents of the Company amounted to RMB625 million. Of which, net cash from operating activities amounted to RMB15.769 billion; net cash used in investing activities amounted to RMB24.095 billion; and net cash from financing activities amounted to RMB7.701 billion. The Company's cash and cash equivalents are mainly denominated in RMB, HKD and USD.

- (1) Net cash flow from operating activities decreased by RMB39.535 billion as compared to 2022, mainly attributable to the increase in net outflow from financial assets at fair value through profit or loss, partially offset by the increase in net cash inflow from financial assets sold under repurchase agreements.
- (2) Net cash flow from investing activities decreased by RMB4.965 billion as compared to 2022, mainly attributable to the increase in net cash outflow from the acquisition of financial assets at fair value through other comprehensive income.
- (3) Net cash flow from financing activities increased by RMB28.715 billion as compared to 2022, mainly attributable to the increase in net cash inflow from the issuance of bonds and short-term debt instruments.

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### 6. Overview of consolidated statement of financial position

Unit: RMB'000

Items	End of Reporting Period		End of Previous Period		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
<b>Non-current assets</b>						
Property and equipment	1,539,591	0.22%	1,549,043	0.25%	-9,452	-0.61%
Right-of-use assets	1,545,738	0.22%	1,556,646	0.25%	-10,908	-0.70%
Goodwill	9,671	0.00%	9,671	0.00%	-	-
Other intangible assets	344,712	0.05%	42,611	0.01%	302,101	708.97%
Interests in associates and joint ventures	11,751,540	1.69%	10,745,849	1.76%	1,005,691	9.36%
Equity instruments at fair value through other comprehensive income	17,697,437	2.54%	1,628,336	0.27%	16,069,101	986.84%
Debt instruments at amortized cost	-	-	20,411	0.00%	-20,411	-100.00%
Financial assets held under resale agreements	1,278,800	0.18%	125,199	0.02%	1,153,601	921.41%
Financial assets at fair value through profit or loss	10,574,027	1.52%	9,778,342	1.60%	795,685	8.14%
Deferred tax assets	1,583,773	0.23%	1,847,338	0.30%	-263,565	-14.27%
Other non-current assets	589,190	0.08%	593,169	0.10%	-3,979	-0.67%
<b>Total non-current assets</b>	<b>46,914,479</b>	<b>6.74%</b>	<b>27,896,615</b>	<b>4.56%</b>	<b>19,017,864</b>	<b>68.17%</b>
<b>Current assets</b>						
Advances to customers	83,666,020	12.02%	81,541,116	13.33%	2,124,904	2.61%
Current tax assets	507,993	0.07%	440,274	0.07%	67,719	15.38%
Account and other receivables	8,936,078	1.28%	5,820,413	0.95%	3,115,665	53.53%
Debt instruments at fair value through other comprehensive income	70,798,037	10.17%	60,888,528	9.95%	9,909,509	16.27%
Debt instruments at amortized cost	691,493	0.10%	539,149	0.09%	152,344	28.26%
Financial assets held under resale agreements	48,497,394	6.97%	49,455,546	8.09%	-958,152	-1.94%
Financial assets at fair value through profit or loss	268,163,690	38.54%	231,997,648	37.93%	36,166,042	15.59%
Derivative financial assets	6,679,137	0.96%	3,664,686	0.60%	3,014,451	82.26%
Other current assets	337,224	0.05%	37,646	0.01%	299,578	795.78%
Deposits with Exchanges and non-bank financial institutions	12,947,109	1.86%	12,213,224	2.00%	733,885	6.01%
Clearing settlement funds	37,691,722	5.42%	23,804,906	3.89%	13,886,816	58.34%
Cash and bank balances	110,022,616	15.81%	113,377,264	18.54%	-3,354,648	-2.96%
<b>Total current assets</b>	<b>648,938,513</b>	<b>93.26%</b>	<b>583,780,400</b>	<b>95.44%</b>	<b>65,158,113</b>	<b>11.16%</b>
<b>Total assets</b>	<b>695,852,992</b>	<b>100.00%</b>	<b>611,677,015</b>	<b>100.00%</b>	<b>84,175,977</b>	<b>13.76%</b>

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As at the end of 2023, the Company's total assets amounted to RMB695.853 billion, representing an increase of RMB84.176 billion, or 13.76%. Excluding the accounts payable to brokerage clients, as at the end of the year, the total assets of the Company amounted to RMB578.001 billion, increased by RMB72.701 billion, or 14.39%, as compared to the end of 2022, among which the balance of the financial assets<sup>1</sup> as at the end of the Reporting Period increased by RMB66.087 billion as compared to the end of 2022, the total balance of cash and bank balances and clearing settlement funds increased by RMB10.532 billion as compared to the end of 2022, the total balance of advances to customers and financial assets held under resale agreements increased by RMB2.320 billion as compared to the end of 2022.

The Company's asset quality and liquidity remained sound. As at the end of 2023, its net current assets amounted to RMB154.674 billion, representing a decrease of RMB7.338 billion or 4.53%, as compared to the end of 2022.

As at the end of 2023, the Company's cash and bank balances and clearing settlement funds, financial assets, advances to customers and financial assets held under resale agreements, interests in associates and joint ventures, and property and equipment, right-of-use assets, goodwill and other intangible assets accounted for 21.23%, 53.83%, 19.18%, 1.69% and 0.49% of total assets, respectively. As compared to the end of last year, the proportion of the Company's cash and bank balances and clearing settlement funds, financial assets, advances to customers and financial assets held under resale agreements, interests in associates and joint ventures, and property and equipment, right-of-use assets, goodwill and other intangible assets decreased by 1.20 percentage points, increased by 3.39 percentage points, decreased by 2.26 percentage points, decreased by 0.07 percentage point and decreased by 0.03 percentage point, respectively.

Unit: RMB'000

Items	End of Reporting Period		End of Previous Period		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
<b>Current liabilities</b>						
Short-term borrowings	6,182,840	1.08%	10,608,902	2.14%	-4,426,062	-41.72%
Short-term debt instruments	57,025,735	9.94%	25,147,999	5.07%	31,877,736	126.76%
Placements from banks and other financial institutions	27,061,392	4.72%	10,802,438	2.18%	16,258,954	150.51%
Accounts payable to brokerage clients	117,852,233	20.54%	106,377,654	21.43%	11,474,579	10.79%
Accrued staff costs	5,525,512	0.96%	6,461,381	1.30%	-935,869	-14.48%
Other payables and accrued charges	40,083,641	6.99%	27,538,471	5.55%	12,545,170	45.56%
Current tax liabilities	50,830	0.01%	181,858	0.04%	-131,028	-72.05%
Financial liabilities at fair value through profit or loss	43,145,361	7.52%	46,371,940	9.34%	-3,226,579	-6.96%
Derivative financial liabilities	6,938,983	1.21%	2,875,039	0.58%	4,063,944	141.35%

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

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Items	End of Reporting Period		End of Previous Period		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Financial assets sold under repurchase agreements	142,684,754	24.87%	120,805,473	24.34%	21,879,281	18.11%
Lease liabilities	344,454	0.06%	330,846	0.07%	13,608	4.11%
Contract liabilities	55,486	0.01%	63,808	0.01%	-8,322	-13.04%
Provisions	677	0.00%	86,314	0.02%	-85,637	-99.22%
Long-term borrowings due within one year	185,793	0.03%	895,160	0.18%	-709,367	-79.24%
Bonds payables due within one year	47,126,528	8.21%	63,221,046	12.74%	-16,094,518	-25.46%
<b>Total current liabilities</b>	<b>494,264,219</b>	<b>86.14%</b>	<b>421,768,329</b>	<b>84.96%</b>	<b>72,495,890</b>	<b>17.19%</b>
<b>Net current assets</b>	<b>154,674,294</b>	<b>26.96%</b>	<b>162,012,071</b>	<b>32.64%</b>	<b>-7,337,777</b>	<b>-4.53%</b>
<b>Total assets less current liabilities</b>	<b>201,588,773</b>	<b>35.13%</b>	<b>189,908,686</b>	<b>38.26%</b>	<b>11,680,087</b>	<b>6.15%</b>
<b>Non-current liabilities</b>						
Accrued staff costs	-	-	97,490	0.02%	-97,490	-100.00%
Deferred tax liabilities	558,414	0.10%	481,909	0.10%	76,505	15.88%
Financial liabilities at fair value through profit or loss	1,390,155	0.24%	1,372,080	0.28%	18,075	1.32%
Deferred income	104,452	0.02%	112,947	0.02%	-8,495	-7.52%
Lease liabilities	911,064	0.16%	912,500	0.18%	-1,436	-0.16%
Long-term borrowings	1,721,818	0.30%	267,981	0.05%	1,453,837	542.51%
Bonds payables	74,865,937	13.05%	71,406,696	14.38%	3,459,241	4.84%
<b>Total non-current liabilities</b>	<b>79,551,840</b>	<b>13.86%</b>	<b>74,651,603</b>	<b>15.04%</b>	<b>4,900,237</b>	<b>6.56%</b>
<b>Total liabilities</b>	<b>573,816,059</b>	<b>100.00%</b>	<b>496,419,932</b>	<b>100.00%</b>	<b>77,396,127</b>	<b>15.59%</b>

As at the end of 2023, the total liabilities of the Company amounted to RMB573.816 billion, representing an increase of RMB77.396 billion, or 15.59%, as compared to the end of 2022. Of which, the short-term debt instruments, financial assets sold under repurchase agreements, placements from banks and other financial institutions and accounts payable to brokerage clients increased by RMB31.878 billion, RMB21.879 billion, RMB16.259 billion and RMB11.475 billion as compared to the end of 2022, respectively. The Company's liabilities are mainly denominated in RMB, HKD and USD. For details of the Company's borrowing rates, please refer to Note 38 "Short-term borrowings", Note 39 "Short-term debt instruments", Note 40 "Placements from banks and other financial institutions", Note 51 "Long-term borrowings due within one year", Note 52 "Long-term borrowings", Note 53 "Bonds payables due within one year" and Note 54 "Bonds payables" to the consolidated financial statements of this report.

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Excluding the accounts payable to brokerage clients, the total liabilities of the Company amounted to RMB455.964 billion, increased by RMB65.922 billion, or 16.90%, as compared to the end of 2022. The gearing ratio, after deducting accounts payable to brokerage clients, of the Company was 78.89%, representing an increase of 1.70 percentage points as compared to the end of 2022.

Unit: RMB'000

Items	End of Reporting Period		End of Previous Period		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
<b>Equity</b>						
Share capital	8,696,526	7.13%	8,696,526	7.55%	-	-
Other equity instruments	15,000,000	12.29%	15,000,000	13.01%	-	-
Capital reserve	40,362,974	33.07%	40,346,871	35.01%	16,103	0.04%
Investment revaluation reserve of financial assets at fair value through other comprehensive income	183,476	0.15%	-180,630	-0.16%	364,106	-
Foreign currency translation reserve	321,141	0.26%	238,056	0.21%	83,085	34.90%
General reserves	23,903,793	19.59%	22,278,999	19.33%	1,624,794	7.29%
Retained profits	33,493,518	27.45%	28,794,773	24.98%	4,698,745	16.32%
Equity attributable to shareholders of the Company	121,961,428	99.94%	115,174,595	99.93%	6,786,833	5.89%
Non-controlling interests	75,505	0.06%	82,488	0.07%	-6,983	-8.47%
<b>Total equity</b>	<b>122,036,933</b>	<b>100.00%</b>	<b>115,257,083</b>	<b>100.00%</b>	<b>6,779,850</b>	<b>5.88%</b>

As at the end of 2023, the equity attributable to shareholders of the Company amounted to RMB121.961 billion, representing an increase of RMB6.787 billion, or 5.89%, as compared to the end of 2022. Profit attributable to shareholders of the Company for the year amounted to RMB8.764 billion; dividends distributed to shareholders amounted to RMB1.609 billion; and interest payable for perpetual bonds amounted to RMB572 million.

### 7. Overseas assets

Overseas assets amounted to RMB40.987 billion, accounting for 5.89% of total assets.

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### (II) Analysis of investment

#### 1. General analysis of external equity investments

During the Reporting Period, the Company had no material new external equity investment. For details, please refer to “Interests in associates and joint ventures” in “Chapter 9: Financial Report” of this report. During the year, the Company recovered its investment in Hunan Linhou Enterprise Management Consulting Service Co., Ltd. (湖南霖厚企業管理諮詢服務有限公司), an associated company, in an amount of RMB3.0969 million.

#### 2. Financial assets measured at fair value

Unit: RMB10,000

Asset class	Opening amount	Profit or loss from changes in fair value for the Current Period	Cumulative changes in fair value included in equity	Impairment provision for the Current Period	Purchase amount for the Current Period	Disposal/redemption amount for the Current Period	Other changes	Closing amount
Bonds	20,928,856.73	98,390.95	30,669.70	134.59	279,164,311.95	274,047,916.94	19,559.96	26,193,872.35
Funds	5,007,913.59	4,083.26	-	-	79,098,921.10	79,946,337.14	1,693.42	4,166,274.23
Stocks	2,514,213.88	182,513.02	15,588.89	-	55,687,394.22	54,511,114.22	4,880.04	3,893,475.83
Derivatives	78,964.63	-68,638.32	-	-	-	-	-36,311.00	-25,984.69
Others	1,978,301.14	37,364.66	-	-	4,217,676.50	3,773,288.32	9,642.68	2,469,696.66
<b>Total</b>	<b>30,508,249.97</b>	<b>253,713.57</b>	<b>46,258.59</b>	<b>134.59</b>	<b>418,168,303.77</b>	<b>412,278,656.62</b>	<b>-534.90</b>	<b>36,697,334.38</b>

#### 3. Securities investment

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

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

#### 1. Analysis of subsidiaries

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

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

As of the end of 2023, the total assets of CMS Asset Management amounted to RMB5.662 billion and the net assets amounted to RMB5.3 billion. In 2023, it recorded total revenue, other income and gains of RMB837 million and net profit of RMB264 million.

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

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

As of the end of 2023, the total assets of CMS International amounted to HK\$45.271 billion and the net assets amounted to HK\$9.418 billion. In 2023, it recorded total revenue, other income and gains of HK\$1.959 billion and net profit of HK\$221 million. During the Reporting Period, CMS International was reaffirmed by Moody's Baa2 rating, and the long-term outlook remained "stable".

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

China Merchants Futures is a wholly-owned subsidiary of China Merchants Securities with a registered capital of RMB3.598 billion. Its principal businesses include commodity futures brokerage, financial futures brokerage, futures investment consultation and asset management. As of the end of 2023, China Merchants Futures has four futures branches in Beijing, Guangzhou, Shanghai and Hangzhou, one branch office in Henan and one risk management subsidiary, i.e. China Merchants Securities Capital Investment Co., Ltd. (招證資本投資有限公司).

As of the end of 2023, the total assets of China Merchants Futures amounted to RMB59.495 billion and the net assets amounted to RMB5.014 billion. In 2023, it recorded total revenue, other income and gains of RMB3.080 billion and net profit of RMB406 million.

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

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

As of the end of 2023, the total assets of CMS Zhiyuan Capital amounted to RMB4.198 billion and the net assets attributable to shareholders of the parent company amounted to RMB2.12 billion. In 2023, it recorded total revenue, other income and gains of RMB172 million and net profit attributable to shareholders of the parent company of RMB6.9041 million.



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

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

As of the end of 2023, the total assets of CMS Investment amounted to RMB10.508 billion and the net assets amounted to RMB9.902 billion. In 2023, it recorded total revenue, other income and gains of RMB815 million and net profit of RMB630 million.

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

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

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

As of the end of 2023, Bosera Funds recorded total assets of RMB12.222 billion and net assets attributable to shareholders of the parent company of RMB9.309 billion. In 2023, it recorded operating income of RMB4.588 billion and net profit attributable to shareholders of the parent company of RMB1.524 billion.

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

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

As of the end of 2023, China Merchants Fund recorded total assets of RMB14.151 billion and net assets of RMB9.325 billion. In 2023, it recorded operating income of RMB5.294 billion and net profit of RMB1.753 billion.

### (IV) Structured entities controlled by the Company

As of December 31, 2023, the Group consolidated 50 structured entities, including mainly asset management schemes, investment funds and limited partnership. Under the circumstance that the Group is involved in a structured entity as manager and investor, the Group comprehensively assesses whether its potential variable returns will be significantly affected by the returns attributable to its investment and the remuneration as a manager and whether the Group is a principal responsible person of the entity. As of December 31, 2023, the total assets of the consolidated structured entities amounted to RMB34.296 billion.

### (V) Financing

#### 1. Financing channels and financing capabilities

The Company has established diversified financing channels, and engages in financing through onshore and offshore additional issuance, rights issue, perpetual subordinated bonds, subordinated bonds, corporate bonds, financial bonds, short-term financing bonds, income certificates, placement from other financial institutions, interbank borrowing and repurchase, bank borrowings, etc. The Company arranges the types of financing according to its operation and business development needs, and constantly optimizes its financing structure.

#### 2. Liability structure

As at the end of 2023, total liabilities of the Company amounted to RMB573.816 billion. Excluding the amount of accounts payable to brokerage clients, total liabilities amounted to RMB455.964 billion. Of which, bonds payable amounted to RMB121.992 billion, accounting for 26.75% of liabilities; short-term debt instruments amounted to RMB57.026 billion, accounting for 12.51% of liabilities; long-term borrowings amounted to RMB1.908 billion, accounting for 0.42% of liabilities; financial assets sold under repurchase agreements amounted to RMB142.685 billion, accounting for 31.29% of liabilities; short-term borrowings amounted to RMB6.183 billion, accounting for 1.36% of liabilities; and placements from banks and other financial institutions amounted to RMB27.061 billion, accounting for 5.93% of liabilities. Currently, the Company has no debts overdue. The solvency of the Company is strong and the liquidity risk is controllable.

#### 3. Liquidity management

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

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

By analyzing and monitoring the size and structure of assets and liabilities, the Company ensures that the size and duration of its assets and liabilities are able to meet its business development needs, while also maintains premium liquid assets at a reasonable and sufficient level. The Company has formulated a multiplier liquidity risk indicator limit management system based on its risk appetite, and monitors the performance of each risk indicator on a daily basis. The Company monitors and analyzes the development of each business in a timely manner, and on such basis, uses risk assessment approaches such as sensitivity analysis, stress test and VaR analysis to dynamically monitor the liquidity risk of business development, and takes corresponding risk management measures. The Company has established an internal risk reporting system so that it can be promptly aware of the liquidity risk of each business and take corresponding measures to ensure the safety, stability and sustainability of each business. The Company has formulated an emergency management system to deal with the shortage of funds, and organizes emergency plans and conducts regular drills and evaluations. The Company actively expands its financing channels, and meets various needs for capital in its business process through diverse financing approaches. In 2023, the Company's liquidity risk indicators performed well. It had adequate liquid assets, and the liquidity of asset allocation continued to maintain at a high level.

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### (VI) Business innovation and risk control during the Reporting Period

#### 1. Business innovation during the Reporting Period

In 2023, guided by technology and driven by innovation, the Company rolled out a series of innovative products and services aiming at the new opportunities in capital market services and the increasingly abundant new demand of clients, so as to facilitate business model innovation and deepen the application of innovative technologies.

#### (1) Information and Technology Innovation

The Company facilitated the building of a “digital CMS” (數字招證) and strove to improve digital capabilities by all means. It comprehensively upgraded the organizational structure, which upgraded the original Technological Innovation Office to the Digital Office to better coordinate and promote digital transformation. The Company established the Wuhan Technology Branch (武漢科技分公司) to develop dual engines in Shenzhen and Wuhan, so as to promote a series of strategic digital projects to effectively empower the development of core business. In terms of wealth management, CMS APP 9.0 was successfully launched to boost the integration of online and offline marketing services; in terms of institutional business, an institutional data mart was built to integrate information and business resources internally, and to realize the integrated transformation of marketing services from the perspective of clients; in terms of investment business, parallel computing and low-latency technologies were applied to improve the core capabilities of research, trading and market making, and help increase the proportion of market-neutral strategies and the scale of client-demand business; and in terms of investment banking, an industrial chain map was developed, along with an industry-leading investment banking undertaking platform, to standardize the undertaking procedures. In terms of technological foundation construction, with “embracing cloud native and achieving digital intelligence” as the starting point, we built a comprehensive cloud-native multi-cloud platform, and launched three major platforms: cloud-native IaaS, PaaS and data middle platform. The third phase of building a new generation of core trading system based on the cloud-native architecture was completed technically and achieved milestone phased results. The Company actively followed up on generative AI technology, explored to apply new technologies to its business, and launched multiple large scale models applications such as AI assistants for research services and AI programming partners while using intelligent research, intelligent client service, intelligent office, and intelligent programming as demonstration scenarios. It focused on the development of an AI middle platform, overcome difficulties in stages of large-scale AI model technology, independently designed and built a large-scale AI model application framework, and initially built a privatized computing power resource pool. With the digitalization of IT R&D management as the starting point, we built platform projects to empower R&D teams and improve R&D delivery efficiency. A total of 9 projects passed the capability certification of the China Academy of Information and Communications Technology, ranking 2nd in the Securities and Fund industry.

List of Awards in Information and Technology: In 2021, Cloud-Native Distributed Database Project and OTC Derivatives Trading Platform Project both received the Third Prize of FinTech Development Award, given by People’s Bank of China. In 2022, FPGA Market-Making Trading System Project received the Second Prize of FinTech Development Award, also given by People’s Bank of China. In 2023, SMART Marketing Middle-End Platform Project was recognized with the “Best Big Data Project” (Asset Management Category) of The Asian Banker’s 2023 China Awards Program.

#### (2) Business innovation

Please refer to “I. Discussion and Analysis of Operations” in this chapter.

### 2. Risk control for innovative business

- ① The Company has established a decision-making and management structure for innovative activities and formulated relevant management systems to ensure that all innovative activities are carried out in compliance with relevant laws and regulations under reasonable risk control. The Company has standardized and clarified the processes of new business application, risk assessment, approval, implementation and review to ensure that new businesses can be developed and operated in a standardized and stable manner where risks are controllable, measurable and tolerable.
- ② The Company has established a risk monitoring and pre-warning system for innovative activities, designed various monitoring indicators and risk limits based on the risk characteristics of innovative activities and tracked the risk dynamics of innovative business in real time. The Company provides risk alerts to business departments in a timely manner when there are abnormalities in the risk indicators, so as to ensure that the risk exposure to innovative activities is always kept within an acceptable range as far as the Company's net capital and liquidity are concerned.
- ③ The Company has continuously strengthened the audit and supervision of innovative business, and constantly improved the internal control and risk response capabilities of innovative business. The Company's audit department pays close attention to innovative business in audits and, based on the issues identified, cooperates with the management department of relevant innovative business for analysis and discussion, in order to determine rectification measures and supervise the rectification by the management department of relevant innovative business, thereby continuously improving internal control of innovative business.

### (VII) Establishment and disposal of branches

During the Reporting Period, the Company established 6 securities branches in places such as Shenzhen, Hangzhou, Foshan, Yantai and Erdos, and prepared to establish one branch in Xiong'an New Area, Hebei Province. No branches or securities branches were closed. During the Reporting Period, the registration information of 4 branches and 27 securities branches was changed.

## VII. Discussion and Analysis of Future Development of the Company

### (I) Industry pattern and trend

#### 1. The status of the capital market has been improved

**On July 24, 2023, the meeting of the Political Bureau of the CPC Central Committee set the tone for the capital market.** The meeting of the Political Bureau of the CPC Central Committee on July 24, 2023 clearly stated that "it is necessary to activate the capital market and boost investor confidence". Subsequently, on August 18, 2023, the CSRC launched a package of policies in terms of the asset, investment and financing, trading and securities firms, highlighting the great importance that decision-makers attach to the capital market. The financing function of the capital market is expected to be reformed and upgraded towards the integration of investment and financing, which is a milestone progress in the capital market with Chinese characteristics.

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**Focus on supporting the high-quality development of the real economy.** The Central Financial Work Conference first mentioned “financial power”, and pointed out that “high-quality development is the primary task of building a modern socialist country in an all-round way, and finance should provide high-quality services for economic and social development”. By optimizing the capital supply structure, the capital market shall strengthen its efforts to offer high-quality financial services for major strategies, key areas and weak links, and shall play a role in promoting scientific and technological innovation, advanced manufacturing, green development and financing for small, medium and micro enterprises. It shall effectively revitalize financial resources, channel funds to the real economy, and further support the high-quality development of the real economy.

### 2. *Focus on five major fields, and the development of the industry is steadily improving*

**Focus on five major fields and the brokers should make contributions.** Securities companies will practice the concepts of science and technology, green, inclusive, pension and digital finance, closely follow the development path and needs of scientific and technological innovation, give full play to the advantages of funds allocation, and enhance the service for science and technology enterprises; effectively allocate funds to promote green and low-carbon development and achieve a balance between economic and environmental benefits; deepen and strengthen the inclusive financial business, continuously increase the supply of inclusive financial products, and continue to expand the coverage of services; focus on the people’s pension financial investment preferences to coordinate financial resources, develop and innovate products to meet the demand of multi-level pension finance, and provide strong support for elderly care; while advancing digital and intelligent transformation, serve and support the development of digital economy and promote the integration of traditional capital elements and digital elements.

**The securities industry has developed steadily amid challenges.** Under the policy guidance of finance serving the real economy and the regulatory guidance of surrendering part of the profits to investors, it is a general trend for industry rates to decline steadily. In the face of the dual challenges of fluctuations in the prosperity of the traditional business market and the downward trend of commission rates, the securities industry is actively seeking changes, and is looking for structural breakthroughs in digital and intelligent transformation, the coordination mechanism of investment, research and investment banking, institutional business iteration, and comprehensive financial services. The operating performance of the industry is expected to improve steadily.

### 3. *Brokers are encouraged to be better and stronger, and the Matthew effect in the industry may intensify*

**“Build a first-class investment bank” to better serve the real economy.** On October 30, 2023, the Central Financial Work Conference pointed out that efforts shall be made to “cultivate first-class investment banks and investment institutions” and “support large state-owned financial institutions to become better and stronger”, and give play to the important role of first-class investment bank as a main force and ballast in serving the real economy and maintaining financial stability.

**M&A restructuring may intensify the Matthew effect in the industry.** CSRC pointed out that it would support leading securities companies to become better and stronger through business innovation, group operation, mergers and acquisitions, etc., to build a first-class investment bank. Subsequently, the leading brokerage companies will do better and become stronger by relying on their professional capabilities, scale advantages, brand effects, group resources and capital strength, and the Matthew effect tends to be significant.

### (II) Development strategies of the Company

The strategic vision of the Company is to “the best investment bank in China with distinctive features, leading in innovation, quality first, and excellent contribution”. The Company will adhere to the centralized and unified leadership of the CPC Central Committee over financial work, the people-centered value orientation, and the fundamental purpose of finance serving the real economy, deepen the supply-side structural reform of financial sector, make risk prevention and control the eternal theme of financial work, and actively implement the guiding principles of the Central Financial Work Conference and the requirements of state-owned enterprise reform. Based on the characteristics of the industry and its own advantages, the Company will persistently promote the transformation into a modern investment bank, strive to build a first-class investment institution, actively expand and strengthen wealth management business, speed up the building of a one-stop institutional client service system, and make continuous efforts in technological finance, green finance, inclusive finance, pension finance and digital finance, so as to facilitate the goal of “building a financial power”.

### (III) Business plan

In 2024, the Company will fully implement the guiding principles of the Central Economic Work Conference and the Central Financial Work Conference, adhere to the principle of seeking progress while maintaining stability and promoting stability through progress, completely, accurately and comprehensively implement the new development concept, coordinate and do well in revenue expansion, transformation and upgrading, reform and innovation, risk prevention and control, etc., and focus on the “five major fields”. Based on the characteristics of the industry and differentiated development path, the Company will continue to advance the transformation into a modern investment bank, and carry out a new five-year strategy to push high-quality development to a new level.

For the wealth management and institutional business segment: The Company will actively respond to the competition resulting from continuous decline in the commission rate of the industry, conduct refined management of the client group, strengthen its foundation and tap its potential through developing online and offline dual mode, acquiring traffic through third-party platforms and other means. It will further enhance the competitiveness of the traditional brokerage business, unswervingly promote the transformation and upgrading to wealth management, take the selection of products as the core competitiveness, enhance the professional service capabilities as a wealth advisor with platform empowerment, broaden various client groups, increase the scale of financial products, and optimize product income.

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For the investment banking business segment: The Company will comprehensively promote the transformation into a modern investment bank, and strive to achieve the strategic goal of “building a strong modern investment bank”. The Company will continue to promote its business of professional and regional investment banking, focus on semiconductors, biomedicine and dual carbon business areas, speed up the reserve of high-quality IPO and refinancing projects, and advance the application and implementation of potential IPO projects on the BSE; actively grasp business opportunities in overseas markets, and strengthen the development of central enterprise bonds, high-quality bonds of local state-owned enterprises and infrastructure REITs; further implement various strategic initiatives such as the “Gazelle Incubator Project” and the “corporate client manager system”, and continuously improve the capabilities of characteristic financial services such as technological finance, green finance, and inclusive finance; enhance the building of a digital undertaking platform for investment banking, optimize the control mechanism for the whole process of investment banking business to improve the quality of investment banking practice and vigorously promote the high-quality development of investment banking business.

For the investment and management segment: CMS Asset Management will seize the opportunity period of acquiring the mutual fund license, combine its own advantages to take the differentiated development path of “boutique brokerage asset management” (精品券商资管), take multiple measures to improve the ability and amount of active asset management, vigorously expand the mutual fund product line, further improve the private fund product line, upgrade the risk control system, and build a stable asset management institution with the characteristics of broker and driven by investment research and the market. CMS Zhiyuan Capital will focus on key regions such as the Yangtze River Delta, Pearl River Delta and Chengdu-Chongqing Economic Circle, expand the fund in key areas, and further leverage the advantages of China Merchants Group to strengthen cooperation with the group’s investment segment and industrial segment.

For the investment and trading segment: The Company will focus on asset allocation, make efforts in the allocation of market-neutral strategy and directional investment, as well as the allocation of stock and bond investment, practice a stable investment style, and make it a large and stable income and profit center of the Company. It will vigorously develop the client-driven business, give full play to the advantages of the market-neutral strategy which has stable income and is less affected by market fluctuations, continuously increase the proportion of income from market-neutral strategy, enhance research on interest rate, foreign exchange and commodity markets, explore overseas investment opportunities, and enrich and expand the types and scope of investment.

### **(IV) Potential Risks (including the implementation of comprehensive risk management and compliance and risk control, and investment in information technology)**

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

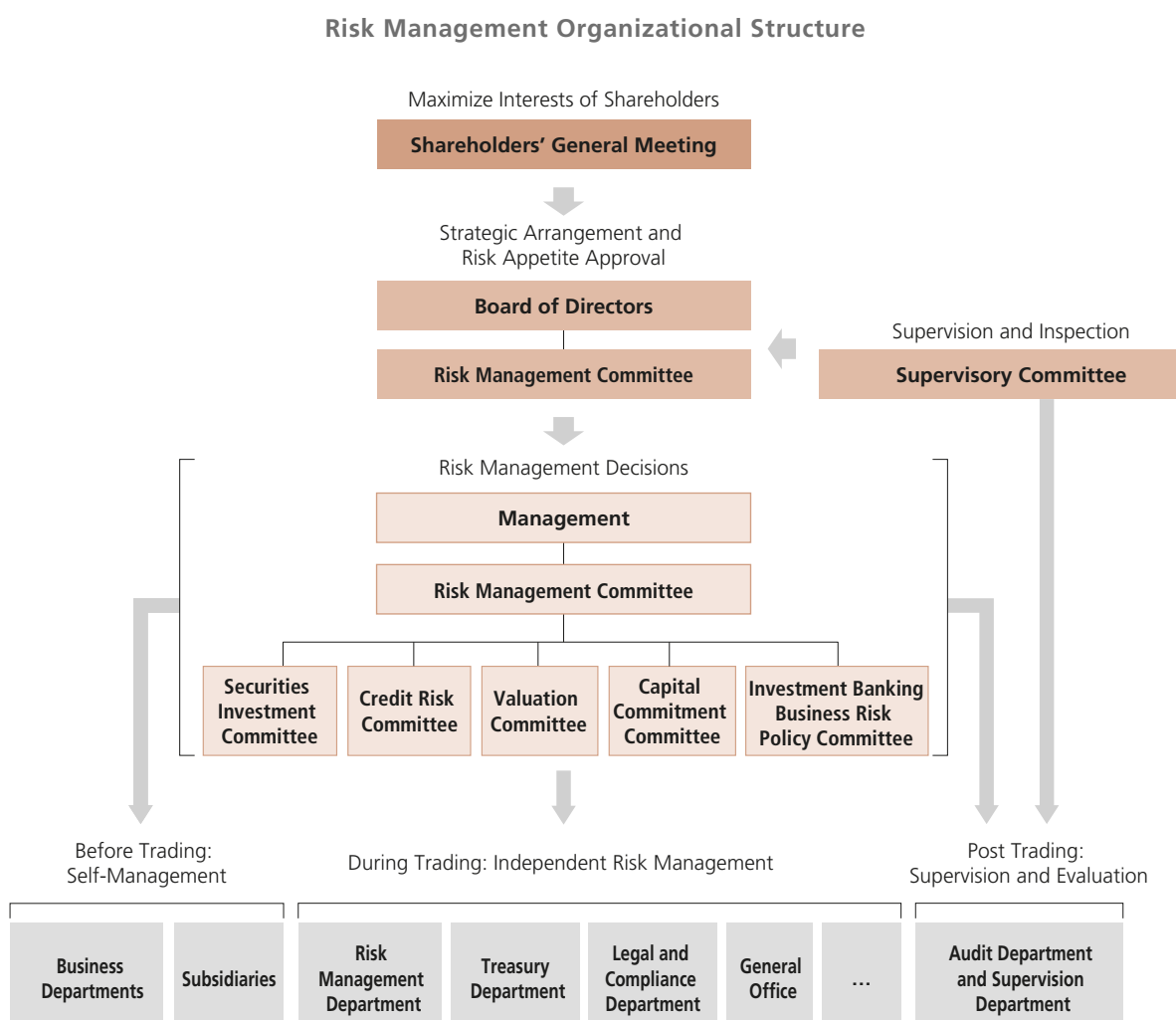
1. Risk management

(1) Risk management structure

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

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

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





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

- ① The Board and its Risk Management Committee are responsible for reviewing and approving the overall risk management system, risk appetite, risk tolerance and various risk limit indicators of the Company, convening quarterly meetings to review quarterly risk reports and thoroughly assessing the risk management of the Company.
- ② The Supervisory Committee is responsible for supervising and examining the operation of the overall risk management system of the Company.
- ③ The senior management is fully responsible for the risk management in the Company's business operation. They regularly review risk assessment reports, formulate risk management measures and establish risk limit indicators. The Risk Management Committee was set up under the senior management as the highest risk management decision-making body at the operation level. The Company has also appointed a Chief Risk Officer to oversee the formation of the overall risk management system, monitor, evaluate and report the enterprise risk level, and provide risk management advice for business decision-making of the Company. In addition, the Securities Investment Committee, Credit Risk Committee, Valuation Committee, Capital Commitment Committee and Investment Banking Business Risk Policy Committee were set up under the Risk Management Committee and responsible for making collective decisions based on experts' suggestions on issues relating to securities investment, credit risk, securities valuation, capital commitment risks and investment banking business risk within their respective scope of authorization. The risk management of subsidiaries is managed by the enterprise risk management system of the Company through vertical management approach. The person-in-charge of risk management of subsidiaries shall be nominated, appointed, removed and appraised by the Chief Risk Officer of the Company.
- ④ As the department in-charge of coordinating the Company's management over market, credit and operational risks, the Risk Management Department is responsible for managing the market risks and credit risks, as well as assisting and guiding other business departments in managing operational risks of the Company. As the department in-charge of the liquidity risk management of the Company, the Treasury Department is responsible for managing liquidity risks and the formation of the liquidity risk management system. The Legal and Compliance Department is responsible for managing the compliance and legal risks as well as money laundering risks of the Company and assisting the Chief Compliance Officer in reviewing, supervising and examining the compliance over the business operations and practice of the Company and its employees, and promoting the implementation of work in relation to anti-money laundering. The Risk Management Department and the General Office are responsible for managing the reputational risks of the Company and other departments of the Company perform front-line responsibilities for reputation risk management. The Audit Department is responsible for auditing and examining the effectiveness and execution of the risk management procedures of the Company as well as conducting an overall evaluation of the internal control system of the Company at least once a year.
- ⑤ Each of the business departments, branches and wholly-owned subsidiaries of the Company is directly responsible for risk management and supervision of their respective business and management fields.

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

### (2) Risk management system

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

### (3) Quantitative risk management indicator system

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

- ① **Coherent risk appetite and tolerance indicators:** Risk appetite framework establishes the fundamental attitude of the Board and the senior management towards the balance between risk and return based on the analysis of various risk exposures of the Company. Risk tolerance refers to quantitative limit indicators reflecting the effectiveness of risk management set by the Company for each specific business segment based on risk appetite and the characteristics of different business segments, in order to specify the maximum tolerance range for risk management results. After years of effort, the Company has developed clear risk appetite descriptions covering risk types such as overall risk, market risk, credit risk, operational risk and liquidity risk, based on which a risk appetite indicator system and a risk tolerance indicator system were established. The Company sets its targets of risk appetite and risk tolerance at the beginning of each year and determines economic capital budget and business authorization accordingly. The Company monitors and reports risk appetite and risk tolerance on a monthly basis, and continuously reviews the risk management based on the results.
- ② **Scientific economic capital management model:** The Company took the lead to introduce an economic capital management model in the securities industry in 2006, and kept on optimizing the methodologies on economic capital measurement and improving the economic capital management process. Our economic capital management covered market risk, credit risk and operational risk. The Company has developed internal models to measure market risk and credit risk of the economic capital that are sufficiently sensitive to risk factors and practically sound. It measured operational risks according to the standards under the Basel Accords. The measurement of economic capital is generally used in areas such as risk monitoring, quantitative assessment and performance assessment.

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- ③ **Business authorization management system with the core of risk limits:** Within the statutory business scope, the Company granted business authorization at different levels based on the risk rating of the decision-making matters. The Company granted authorization prudently based on the risk management capability, implementation of business authorization and actual risk management results of each business department, so as to improve decision-making efficiency while keeping the risks under control. Unauthorized operations are strictly prohibited. Authorized persons at each level must exercise their power and undertake business activities only within the authorized scope, and must not exceed their authorities.
- ④ **Comprehensive stress testing mechanism:** The Company established the Administrative Regulations for Stress Testing of China Merchants Securities Co., Ltd. (《招商證券股份有限公司壓力測試管理規範》), which specified the division of duties among departments in stress test and determined the methods and procedures of stress test. The Company conducts routine or ad hoc stress test on liquidity risk, credit risk and market risk, as well as net capital and other risk limit indicators, based on business and market development. With this approach, the Company can effectively evaluate changes in the operation and risk profiles under extreme circumstances.

### (4) Risk management culture

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

### (5) Risk management IT system

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

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

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

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

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

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

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

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### (2) Market risk management approaches

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

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

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

### (3) Responsibilities for managing market risk

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

### (4) Measurement of market risk

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

#### ① VaR

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

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

#### ② Stress test

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

#### ③ Sensitivity analysis

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

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### (5) Market risk limit management system

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

### 3. Credit risks and corresponding measures

#### (1) Overview

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

- ① financing businesses such as securities lending, stock pledge repo and margin financing in which clients breach the contract and cannot repay the debts owed to the Company;
- ② investment in bonds, trusts and other credit products in which the issuer or the borrower breaches the contract, generating the risk that the principal and the interest cannot be paid;
- ③ OTC derivatives business such as an equity return swap, interest rate swap, OTC option or forward contract in which the counterparties or the spot counterparties fail to fulfill their payment obligation;
- ④ brokerage business in which clients default after brokers trade and settle securities, futures and other financial products on behalf of the clients due to their lack of funds on the settlement date.

### (2) Credit risk management approaches

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

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

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

#### ① Credit risk limit

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

#### ② Internal credit rating

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

#### ③ Quantitative management of collaterals

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



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### ④ Credit risk measurement model

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

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

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

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

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

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

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

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

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

Unit: RMB10,000

	December 31, 2023	December 31, 2022
<b>Onshore bonds</b>		
<b>PRC sovereign bonds</b>	16,340,998	13,607,139
AAA	8,850,588	6,484,436
AA+	444,999	269,340
AA	60,185	70,735
AA-	–	135
Below AA-	153	35,243
A-1	–	–
Non-rated	60,081	103,774
<b>Sub-total</b>	<b>25,757,004</b>	<b>20,570,802</b>
<b>Offshore bonds</b>		
<b>PRC sovereign bonds</b>	379	453
A	389,537	309,346
B	116,101	97,006
Non-rated	–	7,205
Sub-total	506,017	414,010
<b>Total</b>	<b>26,263,021</b>	<b>20,984,812</b>

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

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

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

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### 4. Operational risks and corresponding measures

#### (1) Overview

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

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

#### (2) Operational risk management

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

- ① The Company has established comprehensive systems for operational risk management in accordance with the New Basel Accord and our strategic development needs, and effectively led the operation of various businesses through measurement and allocation of operational risk-based economic capital;
- ② The Company has established a scientific system on the basis of operational risk appetite, tolerance and management policy. The Company improved the operational risk governance structure on a continuous basis;
- ③ The Company has established a system of pre-risk identification and assessment covering all business procedures of all units, subsidiaries and branches by using operational risk and self-assessment management tools with procedure rationalization as the focus, facilitating the formation of operational risk manuals for each unit;
- ④ The Company has continued to set up a system of key indicators of operational risks to further enhance the in-process monitoring capabilities of operational risks based on risk-prone areas of different business features and operations by formulating risk management standards and conducting management by classification;
- ⑤ The Company has established an operational risk event management mechanism, collected and summarized the internal and external operational risk events encountered by the Company, analyzed reasons of the events and formulated alleviation plans, as well as strengthened the following-up of and improvements in the operational risk events;
- ⑥ The Company paid great attention to the control of substantive risks, and carried out various special operational risk inspections and management improvements focusing on areas with high and frequent operational risks according to the characteristics of different businesses;

- ⑦ The Company has promoted the systematic application of three major operational risk management tools on risk identification and assessment, risk monitoring and events collecting and reporting by establishing an operational risk system, so as to effectively improve the efficiency of the Company's operational risk management and its management level;
- ⑧ The Company paid great attention to the training and promotion of culture relating to operational risk management. The Company emphasized the importance of conducting risk identification and control before introducing innovative products and innovative businesses. Through various kinds of trainings and promotions, operational risk management covers all the departments and branches of the Company.

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

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

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

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

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

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

#### **(3) Liquidity risk management approaches**

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

- ① The Company has established high-quality current asset reserves and a minimum excess reserve quota system. It has formulated liquidity contingency plans to store minimum excess reserve in the capital plan and reserved treasury bonds, policy financial bonds and other highly liquid assets which can be liquidated at any time under extreme circumstances to cover unexpected expenses;
- ② The Company has actively developed management for financing gaps. By using management tools such as a cash flow gap, sensitivity analysis and stress testing, it can identify potential risks at an early stage and arrange financing and adjust the pace of fund usage for business purposes in advance so as to effectively manage the payment risks;

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- ③ The Company has continuously expanded its financing channels and balanced the distribution of debt maturity so as to avoid the payment risks caused by a single financing channel or concentrated maturity of debts;
- ④ The Company has established an internal risk reporting system to promptly monitor the liquidity risks in the operation of each business and at each branch. In addition, it has taken measures to promote the the safe, sound and sustainable operation of the aforementioned business and branches.

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

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

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

#### **(2) Reputational risk management**

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

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

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

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

During the Reporting Period, all risk control indicators including net capital and liquidity of the Company continuously satisfied the regulatory requirements and the Company has not recorded any non-compliance with the regulatory requirements. As at the end of the Reporting Period, the net capital of the Company amounted to RMB79.37 billion.

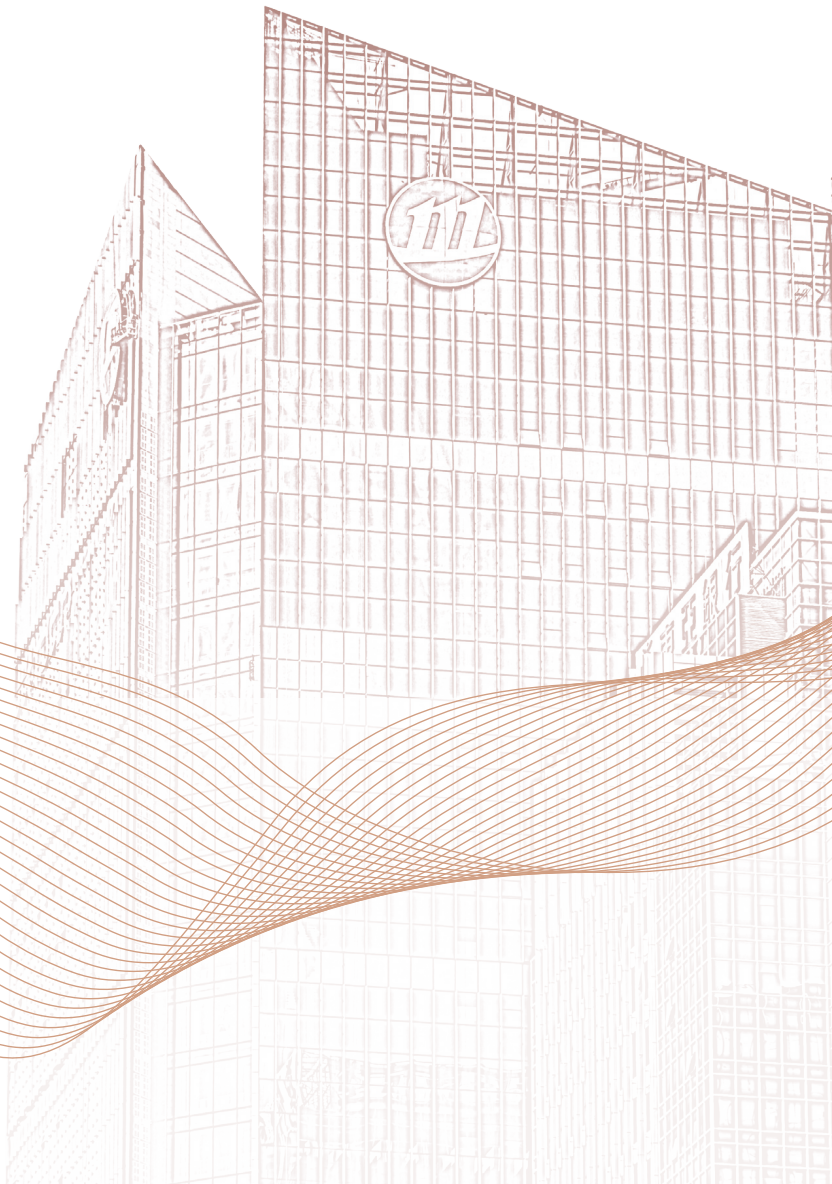
#### **(V) Others**

For investment in compliance and risk control, the Company has continued to maintain sufficient resource investment in compliance and risk control to strongly guarantee compliance and risk control management. The Company’s investment in compliance and risk control mainly includes investment in personnel, systems and daily operations related to compliance and risk control. In 2023, the Company (parent company) invested RMB557 million in compliance and risk control.

For information technologies, with the goal of “building a customer-centered smart investment bank”, the Company has continued to increase investment in science and technologies in accordance with the “14th Five-Year Plan” digital strategic plan with the characteristics of CMS. On the one hand, it focuses on strengthening the building of five business systems, namely wealth management, institutions, investment, investment banking and operations; on the other hand, it continues to consolidate the three middle platforms and digital foundations, including building a fully cloud-native multi-cloud platform, and focuses on the “AI + Finance” strategy to build a technology middle platform and explore innovative applications based on the core business capabilities of securities. In 2023, the Company (parent company) invested RMB1.554 billion in information technologies, representing a year-on-year increase of 7.55%.

# 04

## Corporate Governance Report



# Chapter 4: Corporate Governance Report

## I. Overview of Corporate Governance

The Company, being a company listed in the PRC and Hong Kong, has established and improved corporate governance system, continuously improved internal control management system to effectively enhance corporate governance in strict compliance with the laws, regulations and normative documents and rules of self-regulatory organizations of the domestic and overseas places where its shares are listed. We have formed a corporate governance structure featuring clear authority and accountability, coordinated functioning and proper checks and balances among the shareholders' general meeting, the Board, the Supervisory Committee and the management. There is no material difference between the corporate governance and the requirements of the laws, regulations and the regulatory authorities and self-regulatory organizations of the places where the Company's shares are listed.

During the Reporting Period, the Company strictly complied with the Corporate Governance Code and Corporate Governance Report under Appendix C1 of the Hong Kong Listing Rules (hereinafter referred to as the "Code and Report"). The Company satisfied all provisions and substantially all of the recommended best practices under the Code and Report.

During the Reporting Period, the Company held 3 shareholders' general meetings to consider 19 resolutions; 15 Board meetings to consider 62 resolutions and listen to 10 reports; 25 special meetings of committees under the Board to consider 55 resolutions and listen to or review 9 reports; 1 special meeting of independent Directors to consider 1 resolution; as well as 8 meetings of the Supervisory Committee to consider 17 resolutions and listen to 4 reports.

### (I) Shareholders and shareholders' general meetings

The shareholders' general meeting is the highest institution of authority of the Company which allows shareholders to exercise their powers. The Company convenes and holds shareholders' general meetings in strict compliance with the relevant rules, including the Articles of Association and the Rules of Procedures for Shareholders' General Meetings, to ensure that all of the shareholders, especially minority shareholders, are treated fairly to fully exercise their rights.

The de facto controller of the Company exercises its rights according to the applicable laws, regulations and the Articles of Association, and does not interfere directly or indirectly in the decision-making or operating activities of the Company beyond the authority of the shareholders' general meeting, occupy the funds of the Company or request the provision of any guarantee from the Company in favor of itself or other parties. The de facto controller of the Company is not involved in the personnel, assets, finance, organizations and business of the Company.



## Chapter 4: Corporate Governance Report

### (II) Directors and the Board

The appointment and replacement of Directors of the Company are in strict compliance with the Articles of Association, and the number of Directors and composition of the Board fulfill the requirement of laws and regulations. The Board refines its rules of procedures from time to time and the convening, holding and voting procedures of the Board meetings are legal and effective. The Board has set up five committees, including the Strategy and Sustainability Committee, the Risk Management Committee, the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee, and formulated rules, clear division of authorities of each committee, decision-making procedures and rules of procedures. The Company has set up a work system of independent Directors, which can protect the interests of the Company and shareholders independently and objectively and ensure effective checks and balances during the decision-making process of the Board. In addition, the Company has set up a system of secretary to the Board. The secretary to the Board is responsible for the preparation of shareholders' general meetings, Board meetings and meetings of special committees under the Board, the filing of minutes and documents of the meetings, information disclosure and management of investor relations. The Board has reviewed the Policy of Diversified Composition of the Board during the Reporting Period, and believes that such policy has been effectively implemented.

The Company believes that the diversified composition of the Board is the key factor in achieving its strategic targets and sustainable development, and has formulated the Policy of Diversified Composition of the Board (《董事多元化政策》) which provides that, in determination of the composition of the Board, the Company shall consider the diversity of the Board from various perspectives, including but not limited to gender, age, culture and educational background, professional experiences, skill, knowledge and term of office. The nomination of the members of the Board shall be carried out in accordance with the principle of merit, and shall fully consider the diversity of the composition of the Board. The Nomination Committee reports the diversity of the composition of the Board in each annual report. It is also responsible for supervising the implementation of the Policy of Diversified Composition of the Board, reviewing the same when necessary to ensure its effectiveness and revising the same when appropriate.

### 1. *Composition of the Board*

The Company has a Board accountable to the shareholders' general meeting. According to the Articles of Association, the Board shall consist of 15 Directors. As of the date of this report, the Board consists of 15 Directors, two of whom are executive Directors, eight of whom are non-executive Directors and five of whom are independent non-executive Directors. There is no relationship (including financial, business, family or other material/relevant relationship) among the Directors and senior management of the Company. The Company attaches great importance to Board diversity. As of the Latest Practicable Date, the Board includes two female members. In terms of academic qualifications, there are ten members with a master's degree and five members with a doctorate degree. Their professional backgrounds cover finance, economics, accounting, law, auditing, business administration, computer software, and working experiences cover financial supervision, corporate management, financial management, strategic management, investment management, risk compliance management, digital management, human resource management, teaching and research, etc., and industry fields cover finance, securities, insurance, transportation, etc. The Directors are elected at the shareholders' general meetings and serve for a term of three years. Directors are eligible for re-elections upon the expiry of their terms of office. Independent non-executive Directors shall not hold office for more than six consecutive years. Please see "Change in shareholdings and remunerations of existing and resigned/retired Directors, Supervisors and senior management during the Reporting Period" in this chapter for the composition of the Board and the biographies of the Directors.

The Company has received annual confirmation letters from each of the independent non-executive Directors prepared according to Rule 3.13 of the Hong Kong Listing Rules and the Measures for the Administration of Independent Directors of Listed Companies, the Measures for the Supervision and Administration of the Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Operation Institutions with regard to their independence. Based on such confirmation letters and the information available to the Company, the Company confirms that all independent non-executive Directors of the Company have fulfilled the independence requirements under the Hong Kong Listing Rules and the Measures for the Administration of Independent Directors of Listed Companies, the Measures for the Supervision and Administration of the Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Operation Institutions.

## Chapter 4: Corporate Governance Report

### 2. *Duties and responsibilities of the Board*

The Board is the decision-making body of the Company and shall be accountable to the shareholders' general meeting. According to the Articles of Association, the Board shall exercise the following major functions and powers: to convene shareholders' general meetings and report to the shareholders' general meetings; to implement the resolution of the shareholders' general meeting; to decide the business plans and investment schemes of the Company; to formulate the annual financial budget plan and final accounts plan of the Company; to formulate the profit distribution plan and loss recovery plan of the Company; to prepare plans for increase or reduction of registered capital of the Company, issuance of bonds or other securities and their listing; to formulate plans for major acquisition of the Company, repurchase of the Company's shares or merger, division, dissolution and change in the corporate form of the Company; to decide on the acquisition of the Company's own shares under circumstances set out in paragraphs (III), (V) and (VI) of Article 33 of the Articles of Association; to decide on external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, external donations and other matters of the Company within the authority granted by the shareholders' general meeting; to decide on the establishment of the internal management structure of the Company; to appoint or dismiss the Company's general manager and secretary to the Board; to appoint or dismiss the Company's deputy general manager, Chief Financial Officer, Chief Compliance Officer, Chief Risk Officer, Chief Information Officer and other senior officers as nominated by the general manager and determine their remunerations, rewards and penalties; to set up the basic management system; to formulate the proposals for any amendment to the Articles of Association; to manage the disclosure of information by the Company; to propose to the shareholders' general meeting the adjustment of the scale and personnel composition of the Board; to propose to the shareholders' general meeting the appointment or change of the accounting firm acting as the auditors of the Company; to listen to the work report of the general manager of the Company and examine the general manager's work; to determine the Company's goal of compliance management and be responsible for its effectiveness; to review and approve the basic system of compliance management; to review and approve the annual compliance report; to ensure the independence of the Chief Compliance Officer, establish a direct communication mechanism with the Chief Compliance Officer, and safeguard the smooth reporting between the Chief Compliance Officer and the regulatory authority; to assess the effectiveness of compliance management and procure solutions for the problems relating to compliance management; to be ultimately responsible for the overall risk management (including reputational risk management), facilitate the construction of risk management culture (including reputational risk management culture), review and approve the Company's basic overall risk management system, risk appetite, risk tolerance and material risk limits, review the regular risk assessment reports of the Company, and establish a direct communication mechanism with the Chief Risk Officer; ensure that reputational risk is included in the comprehensive risk management system, determine the general goal of reputational risk management, and continuously pay attention to the Company's overall reputational risk management standard. The Board may authorize the relevant risk management committee to fulfill part of its risk management duties; to be responsible for reviewing the Company's information technology management objectives, assume responsibility for the effectiveness of information technology management; to review information technology strategies to ensure their consistency with the Company's development strategies, risk management strategies and capital strength; to establish information technology human resource and fund guarantee programs; to assess the overall effectiveness and efficiency of annual information technology management work; to determine the objectives of business integrity management and be liable for ensuring the effectiveness of business integrity management; to guide the Company to accomplish the cultural construction of the Company and facilitate the cultural construction of the Company; determine the objectives of business integrity management and be liable for ensuring the effectiveness of business integrity management; to be ultimately responsible for protecting the interests of investors; and to exercise other functions and powers as conferred by laws, regulations, regulatory provisions, self-disciplinary rules, these Articles of Association and other relevant provisions.

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The Board confirms that corporate governance should be a collective responsibility of the Directors. During the Reporting Period, the Board took the following key measures regarding the corporate governance functions:

- (1) The Company continuously monitored the promulgation or revision of domestic and foreign laws and regulations. In 2023, the Board of the Company formulated 1 new system, and revised and improved 8 systems, thereby continuously enhancing the establishment of its corporate governance system;
- (2) The Company actively organized Directors, Supervisors and senior management to participate in various professional trainings, and established a multi-tier information communication mechanism, thereby providing the Directors with sufficient information to perform their duties;
- (3) The Company continuously strengthened internal control management, regularly reviewed the effectiveness of internal control, and enhanced process management, thereby establishing a sound and comprehensive risk management system.

## Chapter 4: Corporate Governance Report

### (III) Supervisors and the Supervisory Committee

The appointment and replacement of Supervisors of the Company are in strict compliance with the Articles of Association, and the number of Supervisors and composition of the Supervisory Committee fulfill the requirement of laws and regulations. The Supervisory Committee constantly improves its Rules of Procedures, and the convening, holding and voting procedures of the Supervisory Committee are legal and effective. The Supervisory Committee is accountable to all shareholders. The Supervisory Committee is responsible for maintaining effective supervision on the finance of the Company as well as the compliance of duty performance of the Board and management. The Supervisors shall perform their duties, including attending the meetings of the Supervisory Committee, observing the meetings of the Board and reporting their work at the shareholders' general meeting in accordance with the relevant requirements. According to the Articles of Association, the Supervisory Committee shall exercise the following major functions and powers: to examine the Company's periodic reports prepared by the Board and give written examination opinions; to check on the financial affairs of the Company; to supervise Directors' and senior officers' performance of duties for the Company including the performance of compliance management duties, and put forward suggestions on the removal of Directors or senior officers who violate laws, regulations, regulatory provisions, self-disciplinary rules and other relevant provisions, these Articles of Association or the resolutions adopted by the shareholders' general meetings or who shall assume primary responsibility or leadership responsibility for material compliance risk; to inquire about the acts of Directors and senior officers; to require Directors and senior officers to correct their acts which are detrimental to the interest of the Company and its customers; to organize the audit on the senior officers' resignations; to suggest the holding of an interim shareholders' general meeting and convene and preside over the shareholders' general meeting in the event that the Board fails to convene and preside over the shareholders' general meeting in accordance with the Company Law; to submit a proposal to the shareholders' general meeting; to bring a lawsuit against Directors and senior officers in accordance with Article 151 of the Company Law; to attend the meeting of the Board and address inquiries to or suggestions on matters to be resolved by the Board; to check on the financial reports, business reports, profit distribution plans and other financial materials submitted by the Board to the shareholders' general meeting, and conduct investigation and require the person-in-charge of compliance and the compliance department of the Company to offer assistance in case of any doubt or any abnormality in the operation of the Company; if necessary, to retain professional organizations such as accounting firm and law firm to assist its work; to supervise the performance of duties by the Board and the management; to supervise whether any decision and the decision flow of the Board is in compliance with rules and whether any compliance weakness determined is rectified in a timely manner; to supervise the implementation of the compliance management system of the Company; to organize and assess the effectiveness of compliance risk management of the Company at least once each year; to take responsibility for the supervision of overall risk management, supervise and inspect the performance on risk management of the Board and the management and supervise the rectification; to supervise the performance of statutory obligations such as investors' legitimate interests protection by the Company; to supervise the implementation of cultural construction of the Company; to supervise the performance of duties by Directors and senior officers in terms of professional incorruptibility management; to supervise the performance of duties by Directors and senior officers in terms of business integrity management; and to exercise other authorities prescribed by laws, regulations, regulatory provisions, self-disciplinary rules, these Articles of Association and other relevant provisions or granted by the shareholders' general meeting.

According to the Articles of Association, the Supervisory Committee of the Company shall consist of nine Supervisors. As of the Latest Practicable Date, the Supervisory Committee of the Company consisted of eight Supervisors, including five shareholder representative Supervisors and three employee representative Supervisors. There is no relationship (including financial, business, family or other material/relevant relationship) among the Supervisors and senior management of the Company. The shareholder representative Supervisors and the employee representative Supervisors are elected by the shareholders' general meetings and the staff representatives through democratic elections, respectively, for a term of three years and are eligible for re-election upon expiry of their terms of office. For details of the composition of the Supervisory Committee and the biographies of the Supervisors, please see "Change in shareholdings and remunerations of existing and resigned/retired Directors, Supervisors and senior management during the Reporting Period" in this chapter.

### **(IV) Senior management**

The Company strictly complies with the Articles of Association in relation to the appointment and replacement of senior management. The senior management of the Company shall be appointed based on the procedures in compliance with the Company Law and the Articles of Association. The general manager of the Company shall be accountable to the Board.

According to the Articles of Association, the management consists of the general manager, the deputy general managers, the secretary to the Board, the Chief Financial Officer, the Chief Compliance Officer, the Chief Risk Officer, the Chief Information Officer and other personnel approved by the resolutions of the Board as senior management. The general manager is in charge of business management, and shall be accountable to the Board and perform the following duties: to be in charge of the operation and management of the Company, organize the execution of the resolutions of the Board and report his work to the Board; to organize the implementation of the annual operation plan and investment plan of the Company; to formulate the internal management structure of the Company; to formulate the basic management system of the Company; to formulate rules and regulations for the Company; to propose to the Board the appointment or dismissal of the deputy general managers, Chief Financial Officer, Chief Compliance Officer, Chief Risk Officer, Chief Information Officer and other senior management (other than the secretary to the Board); to appoint or dismiss management members other than those required to be appointed or dismissed by the Board; to be responsible for the specific implementation of the Company's investors' rights protection, and facilitate the execution of each requirement for investors' rights protection; and to perform other duties delegated by the Articles of Association or the Board. There are no relationships (including financial, business, family or other material/relevant relationships) among the senior management.

### **(V) Chairman and general manager**

For the purpose of balancing power and authority, the roles of chairman and general manager of the Company shall be separated to enhance the independence of their duties, accountability and balanced division of power and authority, and to fully exercise the decision makers' extensive supervision and control over the executive officers. There is a clear division between the roles of chairman and the general manager. According to the Articles of Association, the chairman shall be the legal representative of the Company who is responsible for managing the operation of the Board to ensure that the Directors act in the best interests of the Company. The chairman shall also ensure the effectiveness and the performance of the duties of the Board, and that the Board discusses all significant and appropriate matters such that the Directors can obtain accurate, timely and clear information. The general manager shall be in charge of the daily work of the Company, observe Board meetings, report to the Board, and exercise his power pursuant to the scope of authorization of the general manager. There is no relationship (including financial, business, family or other material/relevant relationship) between the chairman and general manager of the Company.

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### (VI) Liability insurances for Directors, Supervisors and senior management of the Company

As authorized in the sixth extraordinary general meeting of the Company for 2015, the Company has maintained liability insurances for the Directors, Supervisors and senior management and other relevant personnel. Insurance coverage has been provided for the Directors, Supervisors and senior management of the Company against potential liabilities to reasonably avoid management and legal risks faced by the Directors, Supervisors and senior management of the Company and to facilitate the full discharge of duties by the Directors, Supervisors and senior management.

### (VII) Party Committee

The Company has established a Party Committee. The Party Committee shall perform the leadership functions to provide directions, manage overall situations and ensure implementation. The Party Committee consists of one secretary, one vice secretary and other several members. Eligible Party Committee members may be appointed as members of the Board, the Supervisory Committee and the management team of the Company through legal procedures, while eligible Party members from the Board, the Supervisory Committee and the management team of the Company may be appointed as members of the Party Committee pursuant to relevant requirements and procedures. The Company has also established a Discipline Inspection Commission in accordance with relevant regulations. The Company has established the working organs of the Party, equipped them with sufficient staff to deal with Party affairs and provided them with sufficient funds to operate the Party organization. The organic combination between the Party's leadership and the governance of the Company has promoted the scientific decision-making and high-quality development of the Company.

### (VIII) Information disclosure and transparency

The Company has formulated several information disclosure systems, including the Administrative System Regarding Information Disclosure Affairs (《信息披露事務管理制度》), Registration System for Persons with Inside Information (《內幕信息知情人登記制度》), Investor Relations Management System (《投資者關係管理制度》), Accountability System for Major Mistakes Disclosed in Annual Reports (《年報信息披露重大差錯責任追究制度》), Annual Report Work System for the Independent Directors (《獨立董事年報工作制度》) and Annual Report Work Procedures for the Audit Committee Under the Board (《董事會審計委員會年報工作規程》). During the Reporting Period, there was no change in the Administrative System Regarding Information Disclosure Affairs (《信息披露事務管理制度》) of the Company. The secretary to the Board is responsible for information disclosure and investor relations. The Company discloses information truthfully, accurately, completely and promptly and ensures that all shareholders can have equal opportunities for obtaining information in accordance with the requirements of the laws, regulations and the Articles of Association. Other than the information disclosure channels required by the laws, the Company mainly communicates with investors by investor briefings, telephone, e-mail, Internet platform and reception of visitors.

### (IX) Stakeholders

The Company fully respects and protects the rights and interests of the creditors, customers, employees, suppliers and other stakeholders. Efforts are also made to ensure the sustainable and healthy development of the Company in pursuit of a win-win situation between the Company and its stakeholders as well as to maximize the effectiveness of its social contribution.

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

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

1. In terms of assets, the Company has a clear property right relationship with the controlling shareholder, and has complete and independent legal person assets. The Company has complete control over all of its assets, and there is no situation where assets and funds are being appropriated by the controlling shareholder and damages the interests of the Company.

2. In terms of personnel, the Company has developed a comprehensive system regarding the management of personnel and remuneration, and established an independent human resources management department that manages personnel and remuneration independent from the controlling shareholder. The Company has an independent team of employees, and its Directors, Supervisors and senior management are legally appointed in accordance with the Company Law, the Articles of Association and relevant laws, regulations and rules. Senior management of the Company serves and receives remuneration from the Company, and does not hold any position other than director and supervisor in the controlling shareholder and its subsidiaries.

3. In term of finance, the Company has an independent finance and accounting department with dedicated finance personnel, and established an independent accounting system and regulated financial management system to make financial decisions independently. The Company has independent bank accounts, and completes tax registration and fulfills its tax obligations independently according to the laws. There is no sharing of bank account or tax paid in mix with those of the controlling shareholder.

4. In terms of organization, the Company has established a sound organizational system that meets its operational needs. The system operates independently and stably without any subordination to departments of the controlling shareholder.

5. In terms of business, the Company has an independent and comprehensive business system. The Company conducts its businesses, audits and decision-making independently, and assumes liabilities and risks independently without reliance on the controlling shareholder or any other related parties.



## Chapter 4: Corporate Governance Report

### III. Shareholders' General Meetings

Meeting	Date of meeting	Website designated for the disclosure of resolutions	Disclosure date of resolutions	Resolutions of meeting
2023 first extraordinary general meeting	January 12, 2023	Hong Kong Stock Exchange website	January 12, 2023	Considered and approved: 1. resolution on the election of Mr. LI Xiaofei as a non-executive Director; 2. resolution on the election of Mr. XU Xin as a shareholders' representative Supervisor; 3. resolution on the proposed amendments to the Articles of Association of China Merchants Securities Co., Ltd.
2022 annual general meeting	June 30, 2023	Hong Kong Stock Exchange website	June 30, 2023	Considered and approved: 1. the working report of the Board of the Company for 2022; 2. the working report of the Supervisory Committee of the Company for 2022; 3. duty report of independent Directors of the Company for 2022; 4. the annual report of the Company for 2022; 5. the final accounts report of the Company for 2022; 6. resolution on the profit distribution plan of the Company for 2022; 7. resolution on the budget for the proprietary investment of the Company for 2023; 8. resolution on the engagement of the auditors of the Company for 2023; 9. resolution on the contemplated ordinary related party transactions of the Company for 2023; 10. resolution on the guarantee authorization scheme for the year 2023 of China Merchants Securities International Company Limited and its wholly-owned subsidiaries; 11. resolution on the election of Ms. DING Lusha as a non-executive Director of the seventh session of the Board of the Company; 12. resolution on the election of Mr. PENG Luqiang as a shareholders' representative Supervisor of the seventh session of the Supervisory Committee of the Company; 13. resolution on the grant of the general mandate to the Board to issue debt financing instruments of the Company; 14. resolution on the grant of the general mandate to the Board to issue additional H Shares of the Company
2023 second extraordinary general meeting	August 25, 2023	Hong Kong Stock Exchange website	August 25, 2023	Considered and approved: 1. resolution on the election of Mr. ZHANG Jian as a non-executive Director of the seventh session of the Board of the Company; 2. resolution on the election of Mr. ZHU Eric Liwei as a shareholders' representative Supervisor of the seventh session of the Supervisory Committee of the Company

## IV. Information about Directors, Supervisors and Senior Management

## (I) Change in shareholdings and remunerations of existing and resigned/retired Directors, Supervisors and senior management during the Reporting Period

Unit: share

Name	Position	Gender	Age	Term commencement date	Term expiration date	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes (+/-) in shareholdings during the year	Reason for changes	Total remuneration from the Company during the Reporting Period (before tax) (RMB10,000) (Notes 1 & 2)	Remuneration from related parties
HUO Da (霍達)	Chairman of the Board, executive Director	Male	55	2017.05	2027.01	-	-	-	-	298.94	No
	Chief Information Officer			2022.03	2025.03						
ZHANG Jian (張健)	Non-executive Director	Male	59	2023.08	2027.01	-	-	-	-	-	Yes
DENG Weidong (鄧偉棟)	Non-executive Director	Male	56	2022.04	2027.01	-	-	-	-	-	Yes
LIU Weiwu (劉威武)	Non-executive Director	Male	59	2021.06	2027.01	-	-	-	-	-	Yes
WU Zongmin (吳宗敏)	Executive Director	Male	58	2022.04	2027.01	-	-	-	-	298.54	No
	President			2022.01	2025.01						
LI Xiaofei (李曉霏)	Non-executive Director	Male	53	2023.01	2027.01	-	-	-	-	-	Yes
	Shareholder representative Supervisor (resigned)			2014.07	2023.01						
MA Boyin (馬伯寅)	Non-executive Director	Male	49	2024.01	2027.01	-	-	-	-	-	Yes
HUANG Jian (黃堅)	Non-executive Director	Male	54	2012.08	2027.01	-	-	-	-	-	Yes
ZHANG Mingwen (張銘文)	Non-executive Director	Male	45	2024.01	2027.01	-	-	-	-	-	Yes
DING Lusha (丁璐莎)	Non-executive Director	Female	44	2023.06	2027.01	-	-	-	-	-	Yes
XIANG Hua (向華)	Independent non-executive Director	Male	52	2017.07	Note 3	-	-	-	-	20	Yes
YIP, Ying Chi Benjamin (葉榮志)	Independent non-executive Director	Male	60	2024.01	2027.01	-	-	-	-	-	Yes

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Name	Position	Gender	Age	Term commencement date	Term expiration date	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes (+/-) in shareholdings during the year	Reason for changes	Total remuneration from the Company during the Reporting Period (before tax) (RMB10,000) (Notes 1 & 2)	Remuneration from related parties
ZHANG Ruijun (張瑞君)	Independent non-executive Director	Female	62	2024.01	2027.01	-	-	-	-	-	Yes
CAO Xiao (曹暉)	Independent non-executive Director	Male	53	2024.01	2027.01	-	-	-	-	-	Yes
FENG Jinhua (豐金華)	Independent non-executive Director	Male	67	2022.11	2027.01	-	-	-	-	20 (Note 4)	Yes
ZHU Eric Liwei (朱立偉)	Shareholder representative Supervisor	Male	52	2023.08	2027.01	-	-	-	-	-	Yes
WANG Zhangwei (王章為)	Shareholder representative Supervisor	Male	51	2017.06	2027.01	-	-	-	-	-	Yes
MA Yunchun (馬蘊春)	Shareholder representative Supervisor	Male	55	2017.06	2027.01	-	-	-	-	-	Yes
PENG Luqiang (彭陸強)	Shareholder representative Supervisor	Male	56	2023.06	2027.01	-	-	-	-	-	Yes
ZOU Qun (鄧群)	Shareholder representative Supervisor	Male	57	2020.10	2027.01	-	-	-	-	-	Yes
YIN Hongyan (尹虹鸞)	Employee representative Supervisor	Female	52	2007.08	2027.01	-	-	-	-	215.12	No
WANG Jianping (王劍平)	Employee representative Supervisor	Male	49	2024.01	2027.01	-	-	-	-	-	No
CHEN Jun (陳鋈)	Employee representative Supervisor	Male	46	2023.03	2027.01	-	-	-	-	105.31	No
XIONG Kai (熊開)	Vice President	Male	52	2023.08	2024.12	-	-	-	-	89.78	No
	Vice President (chief financial officer)			2023.04	2024.12						
LIU Jie (劉傑)	Secretary to the Board	Male	52	2023.08	2027.01	-	-	-	-	159.07	No
	Joint Company Secretary and Authorized Representative of the Hong Kong Stock Exchange			2023.04	-						
ZHAO Bin (趙斌)	Vice President	Male	54	2018.11	2024.12	-	-	-	-	249.67	No

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Name	Position	Gender	Age	Term commencement date	Term expiration date	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes (+/-) in shareholdings during the year	Reason for changes	Total remuneration from the Company during the Reporting Period (before tax) (RMB10,000) (Notes 1 & 2)	Remuneration from related parties
ZHANG Haochuan (張浩川)	Vice President	Male	51	2022.05	2025.05	-	-	-	-	225.11	No
LIU Rui (劉銳)	Vice President	Male	50	2023.08	2024.12	-	-	-	-	99.78	No
ZHANG Xing (張興)	Chief Compliance Officer	Male	47	2024.03	2024.12	-	-	-	-	-	No
	Chief Risk Officer			2024.02	2024.12						
SU Min (蘇敏)	Non-executive Director (resigned)	Female	55	2016.06	2023.03	-	-	-	-	-	Yes
PENG Lei (彭磊)	Non-executive Director (resigned)	Female	51	2007.08	2023.01	-	-	-	-	-	Yes
GAO Hong (高宏)	Non-executive Director (resigned)	Male	55	2020.03	2023.08	-	-	-	-	-	Yes
LIU Chong (劉沖)	Non-executive Director (resigned)	Male	53	2022.11	2023.11	-	-	-	-	-	Yes
WANG Wen (王文)	Non-executive Director (resigned)	Male	54	2019.07	2023.05	-	-	-	-	-	Yes
XIAO Houfa (肖厚發)	Independent non-executive Director (resigned)	Male	56	2017.07	2024.01	-	-	-	-	20	Yes
XIONG Wei (熊偉)	Independent non-executive Director (resigned)	Male	48	2017.08	2024.01	-	-	-	-	20	No
HU Honggao (胡鴻高)	Independent non-executive Director (resigned)	Male	69	2017.07	2024.01	-	-	-	-	20	Yes
ZHOU Linda Lei (周語蕊)	Chairman of the Supervisory Committee (resigned)	Female	55	2014.07	2023.11	-	-	-	-	227.73	No
XU Xin (徐鑫)	Shareholder representative Supervisor (resigned)	Male	41	2023.01	2023.07	-	-	-	-	-	Yes
ZHANG Zhen (張震)	Shareholder representative Supervisor (resigned)	Male	59	2020.10	2023.04	-	-	-	-	-	No
HE Min (何敏)	Employee representative Supervisor (resigned)	Female	48	2009.07	2024.01	-	-	-	-	141.89	No
SHEN Weihua (沈衛華)	Employee representative Supervisor (resigned)	Female	53	2020.10	2023.03	-	-	-	-	24.29	No

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Name	Position	Gender	Age	Term commencement date	Term expiration date	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes (+/-) in shareholdings during the year	Reason for changes	Total remuneration from the Company during the Reporting Period (before tax) (RMB10,000) (Notes 1 & 2)	Remuneration from related parties
WU Hufeng (吴慧峰)	Vice President (resigned)			2014.12	2023.04						
	Secretary to the Board (resigned)			2018.11	2023.04						
	Joint Company Secretary (resigned)	Male	49	2016.10	2023.04	-	-	-	-	49.38	Yes
	Authorized Representative of the Hong Kong Stock Exchange (resigned)			2017.05	2023.04						
HU Yu (胡宇)	Chief Compliance Officer (resigned)	Male	59	2018.12	2024.02	-	-	-	-	233.99	No
	Chief Risk Officer (resigned)										
Total	/	/	/	/	/	/	/	/	/	2,518.60	/

### Notes:

- Total remuneration before tax of Directors, Supervisors and senior management during their tenure of office shown above were remuneration during the year 2023;
- The total remuneration before tax of the Directors, chairman of the Supervisory Committee, senior management and employee representative Supervisors who worked full-time for the Company during the Reporting Period is the remuneration before tax they received during their tenure of office and is still subject to confirmation. Further information will be disclosed upon confirmation;
- The Company convened the shareholders' general meeting on January 18, 2024 for the general election of Directors and Supervisors, and Director XIANG Hua will continue to perform his duties until the election of a new independent non-executive Director;
- FENG Jinhua served as an independent non-executive Director of the Company on November 29, 2022, and the Company made a supplemental payment of RMB17,800 to him as the independent Director's allowance during the year 2022, for a total of RMB0.2178 million in 2023;
- Certain Directors, Supervisors and senior management of the Company participated in the employee stock ownership scheme in 2020. As of the Latest Practicable Date, HUO Da, YIN Hongyan, WANG Jianping, CHEN Jun, ZHAO Bin and LIU Rui held an aggregate of 1,593,630 shares through the employee stock ownership scheme, accounting for 8.27% of the total shares held under the scheme and 0.02% of the total share capital of the Company.

Name	Major work experience
HUO Da (霍達)	<p>Mr. HUO has served as the Chairman of the Board and executive Director of the Company since May 2017, and the Chief Information Officer of the Company since March 2022. He was a director of China Merchants Securities International Company Limited (招商證券國際有限公司) from January 2019 to November 2020, the chairman of the board of directors of China Merchants Zhiyuan Capital Investment Co., Ltd. (招商致遠資本投資有限公司) from November 2021 to January 2022 and a member of the Execution Committee of China Merchants Financial Services Business Unit (招商局金融事業群/平台) from June 2018 to September 2022. He served the CSRC as the principal staff member, deputy division head and division head, an assistant to the head of the Shenzhen office (深圳監管局) of the CSRC, a deputy inspector, deputy director and director of the Market Supervision Department (市場監管部) of the CSRC, a director of the Corporate Bonds Supervision Department (公司債券監管部) of the CSRC, a director of the Research Center (研究中心) of the CSRC, the head of Beijing Institute of Securities and Futures (北京證券期貨研究院), the head of China Institute of Finance and Capital Markets (中證金融研究院) and a part-time member of the 17th Public Offering Review Committee (第十七屆發行審核委員會) of the CSRC.</p> <p>Mr. HUO Da obtained a bachelor's degree in engineering from Huazhong University of Science and Technology (華中科技大學) (formerly known as Huazhong Institute of Technology (華中理工大學)), a master's degree in economics from Huazhong University of Science and Technology (華中科技大學) (formerly known as Huazhong Institute of Technology (華中理工大學)) and a doctoral degree in economics from Chinese Academy of Fiscal Sciences (中國財政科學研究院) (formerly known as the Research Institute for Fiscal Science of the Ministry of Finance (財政部財政科學研究所)) in July 1989, April 1994 and January 2008, respectively.</p>

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Name	Major work experience
<p>ZHANG Jian (張健)</p>	<p>Mr. ZHANG has served as a non-executive Director of the Company since August 2023. He has been the chief digital officer (CDO) of China Merchants Group Limited (招商局集團有限公司) since January 2019, the director of digital center of China Merchants Group Limited (招商局集團有限公司) since May 2019, the deputy general manager (acting as the general manager from April 2023 to September 2023) and person-in-charge of risk management of China Merchants Financial Holdings Co., Ltd. (招商局金融控股有限公司) since September 2022, a director of China Merchants Finance Holdings Co., Ltd. (招商局金融集團有限公司) since September 2015 (concurrently serving as the deputy general manager until February 2019), the vice chairman of China Merchants Capital Investment Co., Ltd. (招商局資本投資有限責任公司) since April 2023, the chairman of the board of directors of China Merchants Financial Leasing Co., Ltd. (招商局融資租賃有限公司) (formerly known as China Merchants Commerce Financial Leasing Co., Ltd. (招商局通商融資租賃有限公司)) since January 2021, a director of China Merchants Venture Capital Management Co., Ltd. (招商局創新投資管理有限責任公司) since December 2018, the chairman of the board of directors of China Merchants Financial Technology Co., Ltd. (招商局金融科技有限公司) since November 2017, a director of Four Rivers Private Fund Management Co., Ltd. (四源合私募基金管理有限公司) since September 2017, and a director of China Merchants Bank Co., Ltd. (招商銀行股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600036; a company listed on the Hong Kong Stock Exchange, stock code: 03968) since November 2016. He was a director of China Merchants Capital Investment Co., Ltd. (招商局資本投資有限責任公司) from December 2018 to April 2020, the general manager of financial equity management business unit of China Merchants Group Limited (招商局集團有限公司) from September 2015 to October 2020, the chairman of the board of directors of China Merchants China Direct Investments Limited (招商局中國基金有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 00133) from September 2018 to April 2021, the vice chairman of the board of directors of China Merchants Capital Management Co., Ltd. (招商局資本管理有限責任公司) from December 2018 to September 2021, a director of China Merchants Union (BVI) Limited (招商局聯合發展有限公司) from October 2018 to October 2021, and a standing vice chairman of the Execution Committee of China Merchants Financial Services Business Unit (招商局金融事業群/平台) from June 2018 to September 2022. He held multiple positions in China Merchants Bank Co., Ltd. (招商銀行股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600036; a company listed on the Hong Kong Stock Exchange, stock code: 03968) and its branches.</p> <p>Mr. ZHANG Jian obtained a bachelor's degree in economic management from Nanjing University (南京大學) in July 1986 and a master's degree in econometrics from Nanjing University (南京大學) in January 1989, respectively.</p>

Name	Major work experience
DENG Weidong (鄧偉棟)	<p>Mr. DENG has served as a non-executive Director of the Company since April 2022. He has been the Chief Strategy Officer of China Merchants Group (招商局集團) since August 2022, the head of the Strategic Development Department / Technological Innovation Department of China Merchants Group (招商局集團) since August 2021, a director of China Merchants Energy Shipping Co., Ltd. (招商局能源運輸股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601872) since April 2019 and its vice chairman of the board of directors since July 2023, a director of China Merchants Taiping Bay Development Investment Co., Ltd. (招商局太平洋灣開發投資有限公司) since April 2020, a director of China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000039; a company listed on the Hong Kong Stock Exchange, stock code: 02039) since October 2020, and a director and general manager of China Merchants Innovation &amp; Technology (Group) Co., Ltd. (招商局創新科技(集團)有限公司) since March 2024. He was the chairman of the board of directors and general manager of Shenzhen Zhaoguang Investment Co., Ltd. (深圳市招廣投資有限公司) from May 2020 to May 2022, a director of China Merchants Port Holdings Company Limited (招商局港口控股有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 00144) from October 2021 to December 2022, a director of China Merchants Shekou Industrial Zone Holdings Co., Ltd. (招商局蛇口工業區控股股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 001979) from October 2021 to November 2022, the general manager and a director of China Economic and Trade Shipping Co., Ltd. (中國經貿船務有限公司) from February 2021 to September 2022, a director of SF Holding Co., Ltd. (順豐控股股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002352) from April 2019 to December 2022, a director of China Merchants Property Operation &amp; Service Co., Ltd. (招商局積餘產業運營服務股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 001914) from December 2019 to April 2021, the head of the Capital Investment &amp; Management Department of China Merchants Group (招商局集團) from January 2015 to August 2021, a director of China Merchants Venture Capital Management Co., Ltd. (招商局創新投資管理有限責任公司) from August 2021 to August 2022, a director and the general manager of China Merchants Investment Development Company Limited (招商局投資發展有限公司) from April 2020 to September 2022, a director of Chongqing Globebill Crossborder Technology Co., Ltd. (重慶錢寶跨境科技有限公司) from April 2014 to February 2024, and a director of Sinotrans Limited (中國外運股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601598; a company listed on the Hong Kong Stock Exchange, stock code: 00598) from November 2021 to March 2024. He worked at Hainan Yangpu Economic Development Zone Administration Bureau (海南省洋浦經濟開發區管理局), and successively served as a deputy general manager and the general manager of the Research and Development Department of China Nanshan Development (Group) Inc. (中國南山開發(集團)股份有限公司), the deputy general manager of Chiwan Container Terminal Co., Ltd. (赤灣集裝箱碼頭有限公司), the general manager of Shenzhen Mawan Port Service Co., Ltd. (深圳媽灣港務有限公司), and a deputy general manager of China Merchants Holdings (International) Company Limited (招商局國際有限公司) (currently known as China Merchants Port Holdings Company Limited (招商局港口控股有限公司), a company listed on the Hong Kong Stock Exchange, stock code: 00144).</p> <p>Mr. DENG Weidong graduated with a doctoral degree of Science in Physical Geography from the Department of Geodetic and Marine Sciences from Nanjing University (南京大學) in September 1994.</p>



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Name	Major work experience
<p>LIU Weiwu (劉威武)</p>	<p>Mr. LIU has served as a non-executive Director of the Company since June 2021. He has been the head of the finance department (property rights department) of China Merchants Group Limited (招商局集團有限公司) since December 2020, an independent non-executive director of AviChina Industry &amp; Technology Company Limited (中國航空科技工業股份有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 02357) since June 2018, a director of China Merchants International Finance Company Limited (招商局國際財務有限公司) and Liaoning Port Group Limited (遼寧港口集團有限公司) since March 2021, an executive director of China Merchants Sharing Services Co., Ltd. (招商局共享服務有限公司) since April 2021, a director of China Merchants Life Insurance Company Limited (招商局仁和人壽保險股份有限公司) since June 2021, a director of China Merchants Union (BVI) Limited (招商局聯合發展有限公司) since October 2021 (and the chairman of the board of directors since June 2023). He served as a director of China Merchants Port Group Co., Ltd. (招商局港口集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 001872) from May 2021 to January 2024. He was the deputy general manager of China Merchants Energy Shipping Co., Ltd. (招商局能源運輸股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601872) from February 2016 to January 2021, a director of China LNG Shipping (Holdings) Limited (中國液化天然氣運輸(控股)有限公司) from March 2009 to February 2021, the chairman of the supervisory committee of Nanjing Tanker Corporation (招商局南京油運股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601975) from April 2021 to October 2021, an executive director and then non-executive director of China Merchants Port Holdings Company Limited (招商局港口控股有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 00144) from March 2021 to December 2022, a director of China Merchants Industry Holdings Co., Ltd. (招商局工業集團有限公司) and China Merchants Chongqing Communications Technology Research &amp; Design Institute Co., Ltd. (招商局重慶交通科研設計院有限公司) from March 2021 to September 2022, a non-executive director of Sinotrans Limited (中國外運股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601598; a company listed on the Hong Kong Stock Exchange, stock code: 00598) and a director of China Merchants Investment Development Company Limited (招商局投資發展有限公司) from June 2021 to September 2022, a director of China Merchants Taiping Bay Development Investment Co., Ltd. (招商局太平灣開發投資有限公司) from July 2021 to September 2022, a director of China Merchants Testing Technology Holdings Co., Ltd. (招商局檢測技術控股有限公司) from February 2022 to September 2022, a director of China Merchants Group Finance Co., Ltd. (招商局集團財務有限公司) from March 2022 to September 2022, a director of China Merchants Zhangzhou Development Zone Co., Ltd. (招商局漳州開發區有限公司) from March 2021 to November 2022, and a director of China Merchants Expressway Network &amp; Technology Holdings Co., Ltd. (招商局公路網絡科技控股股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 001965) from April 2021 to January 2023. He served as the head of Treasury Division of Financial Department of Guangzhou Ocean Shipping Company (廣州遠洋運輸公司), the manager of Financial Department of Hong Kong Ming Wah Shipping Company Limited (香港明華船務有限公司), the deputy general manager of the Finance Department of China Merchants Group Limited (招商局集團有限公司), a director and the Chief Financial Officer of China Merchants Energy Shipping Co., Ltd. (招商局能源運輸股份有限公司), and the chairman of the board of directors of China Merchants Investment Development (Hong Kong) Limited (招商局投資發展(香港)有限公司) (formerly known as Sinotrans Shipping Limited (中外運航運有限公司)).</p> <p>Mr. LIU Weiwu obtained a Bachelor's degree in Transportation Financial Accounting from Xi'an Highway Institute (西安公路學院) and a master's degree of Business Administration from Macau University of Science and Technology (澳門科技大學) in July 1988 and January 2008, respectively. He also obtained the intermediate accountant qualification in May 2005.</p>

Name	Major work experience
<p>WU Zongmin (吳宗敏)</p>	<p>Mr. WU has served as an executive Director of the Company since April 2022, and our President since January 2022. He served as a deputy director (standing) of the Execution Committee of China Merchants Financial Services Business Unit (招商局金融事業群/平台) from April 2021 to October 2021; he served as an executive member (standing) of the Execution Committee of China Merchants Financial Services Business Unit (招商局金融事業群/平台) from June 2018 to April 2021; he concurrently served as a director of China Merchants Insurance Holdings Company Limited (招商局保險控股有限公司) and the chairman of the board of directors of CM Houlder Insurance Brokers Limited (招商海達保險顧問有限公司) from February 2019 to November 2021; and he concurrently served as a director of China Merchants Life Insurance Company Limited (招商局仁和人壽保險股份有限公司) from March 2019 to October 2021. Mr. WU held various positions in China Pacific Insurance (Group) Co., Ltd. (中國太平洋保險(集團)股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601601; a company listed on the Hong Kong Stock Exchange, stock code: 02601) and its subsidiaries, and his last positions were the vice president of China Pacific Insurance (Group) Co., Ltd. (中國太平洋保險(集團)股份有限公司), a director of China Pacific Property Insurance Co., Ltd. (中國太平洋財產保險股份有限公司), a director of China Pacific Life Insurance Co., Ltd. (中國太平洋人壽保險股份有限公司), a director of Pacific Asset Management Co., Ltd. (太平洋資產管理有限責任公司) and a director of CPIC Allianz Health Insurance Co., Ltd. (太保安聯健康保險股份有限公司) (currently known as Pacific Health Insurance Co., Ltd. (太平洋健康保險股份有限公司)). Mr. WU also served as a deputy general manager of China Merchants Finance Holdings Co., Ltd. (招商局金融集團有限公司) and the general manager of China Merchants Renhe Property Insurance Company Limited (招商局仁和財產保險股份有限公司) (preparatory).</p> <p>Mr. WU Zongmin received his bachelor's degree in engineering from Shanghai Jiaotong University (上海交通大學) in July 1986, a master's degree in engineering from Shanghai Jiaotong University (上海交通大學) in January 1989 and a master's degree in business administration from China Europe International Business School (中歐國際工商學院) in September 2007. Mr. WU holds the title of Senior Economist and is a member of the Associateship of the Chartered Insurance Institute (英國特許保險協會) (ACII).</p>

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Name	Major work experience
LI Xiaofei (李曉霏)	<p>Mr. LI has served as a non-executive Director of the Company since January 2023, and served as our Supervisor from July 2014 to January 2023. He has been the deputy officer of the human resources department of China Merchants Group (招商局集團) since December 2021, and a director of China Merchants Investment Development Company Limited (招商局投資發展有限公司) and China Merchants Hoi Tung Trading Company Limited (招商局海通貿易有限公司) since September 2022. He was an assistant to general manager of China Merchants Finance Holdings Co., Ltd. (招商局金融集團有限公司) from November 2014 to November 2017, a deputy general manager of China Merchants Finance Holdings Co., Ltd. (招商局金融集團有限公司) from November 2017 to February 2019, an executive member (standing) of the Execution Committee of China Merchants Financial Services Business Unit (招商局金融事業群/平台) from June 2018 to December 2021, and a supervisor of China Great Wall Securities Co., Ltd. (長城證券股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002939) from July 2015 to June 2023. He held such positions as a secretary (chief at section level) of the general manager office, a deputy manager of the planning and development department and deputy manager of the leasing department of Shenzhen Nanyou (Holdings) Ltd. (深圳市南油(集團)有限公司), a manager of the administration and human resources department and a secretary to the board of directors of Grand Auto Park Company Limited (深圳市平方汽車園區有限公司), a senior manager of the human resources department of China Merchants Group (招商局集團), and a general manager of the human resources department of China Merchants Finance Holdings Co., Ltd. (招商局金融集團有限公司).</p> <p>Mr. LI Xiaofei obtained a master's degree in labor economics from Renmin University of China (中國人民大學) in January 2004.</p>

Name	Major work experience
MA Boyin (馬伯寅)	<p>Mr. MA has served as a non-executive Director of the Company since January 2024. He has served as the deputy general manager, chief compliance officer (and compliance officer) and a secretary of the Discipline Inspection Commission of China Merchants Financial Holdings Co., Ltd. (招商局金融控股有限公司) since September 2022, a supervisor of China Great Wall Securities Co., Ltd. (長城證券股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002939) since June 2023, and a director of Bosera Asset Management Co., Limited (博時基金管理有限公司) since August 2023. He was an executive member (standing) of the Execution Committee of China Merchants Financial Services Business Unit (招商局金融事業群/平台) from September 2018 to June 2021, and the secretary of the Discipline Inspection Commission of China Merchants Financial Services Business Unit (招商局金融事業群/平台) from June 2021 to September 2022. He served as a cadre, the head of the Propaganda Department and the deputy secretary of the Youth League Committee of Peking University (北京大學團委), a deputy division-level cadre, the deputy director and the director of the Organization Division under the Organization Department of the Party Committee (黨委組織部組織處) of the CIRC, the leader of the Guangzhou-Shenzhen Working Group under the China Insurance Risk Working Group (駐中華保險風險處置工作組廣深工作組) of CIRC, the assistant to the general manager and the deputy general manager of China United Insurance Holding Company Limited (中華聯合保險控股股份有限公司) / China United Insurance Group Company Limited (中華聯合保險集團股份有限公司), the deputy director of the Qingdao Bureau (青島監管局) of CIRC, a deputy inspector of the General Office (辦公廳) of CIRC (during such period, he acted as the deputy secretary-general of the Shenzhen Municipal Government), and the deputy general manager of China Merchants Finance Holdings Co., Ltd. (招商局金融集團有限公司).</p> <p>Mr. MA Boyin obtained a bachelor 's degree in economic law/international economic law, a master's degree in economic law and a doctoral degree in international law (majoring in international financial law) from Peking University (北京大學) in July 1997, July 2001 and January 2010, respectively.</p>

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Name	Major work experience
<p>HUANG Jian (黃堅)</p>	<p>Mr. HUANG has served as a non-executive Director of the Company since August 2012. He has been the general manager of the capital operation department of China COSCO Shipping Corporation Limited (中國遠洋海運集團有限公司) since September 2016, a non-executive director of COSCO SHIPPING Development Co., Ltd. (中遠海運發展股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601866; a company listed on the Hong Kong Stock Exchange, stock code: 02866) since June 2016, a director of Lanhai Medical Investment Co., Ltd. (覽海醫療產業投資股份有限公司) since May 2017, a director of COSCO SHIPPING Captive Insurance Co., Ltd. (中遠海運財產保險自保有限公司) since August 2017, and a director of SAIC Motor Corporation Limited (上海汽車集團股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600104) since June 2023. He was a director of Shanghai Rural Commercial Bank Co., Ltd. (上海農村商業銀行股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601825) from June 2018 to December 2022. He served as the head of the capital management department of the finance and capital division of China Ocean Shipping (Group) Company (中國遠洋運輸(集團)總公司), a vice president and the general manager of the finance department of COSCO Logistics (Americas), Inc. (中遠物流(美洲)有限公司) (formerly known as Intermodal Bridge Services Inc. (中遠美國內陸運輸公司)), the general manager of the finance department and the chief financial officer of COSCO Americas Inc. (中遠美洲公司), the deputy general manager of the finance department of China Ocean Shipping (Group) Company (中國遠洋運輸(集團)總公司), the deputy general manager (person-in-charge) of the capital operation department of China COSCO Shipping Corporation Limited (中國遠洋海運集團有限公司), and a director of COSCO SHIPPING Technology Co., Ltd. (中遠海運科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002401).</p> <p>Mr. HUANG Jian obtained a bachelor's degree in economics majoring in auditing from Capital University of Economics and Business (首都經濟貿易大學) (formerly known as Beijing Institute of Finance and Trade (北京財貿學院)) and a master's degree in business administration from Beijing Institute of Technology (北京理工大學) in July 1992 and March 2002, respectively. Mr. HUANG obtained the qualifications of accountant and senior accountant from the Ministry of Finance in May 1997 and December 2015, respectively.</p>

Name	Major work experience
ZHANG Mingwen (張銘文)	<p>Mr. ZHANG has served as a non-executive Director of the Company since January 2024. He has served as an executive director and the general manager (acting as the chairman of the board of directors since November 2023) of COSCO SHIPPING Development Co., Ltd. (中遠海運發展股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601866; a company listed on the Hong Kong Stock Exchange, stock code: 02866) since June 2022, and a director and the general manager of COSCO Shipping (Shanghai) Investment Management Co., Ltd. (中遠海運(上海)投資管理有限公司) since December 2022. He served as the chief accountant of COSCO SHIPPING Holdings Co., Ltd. (中遠海運控股股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601919; a company listed on the Hong Kong Stock Exchange, stock code: 01919) from July 2018 to June 2022, and the chief financial officer of Orient Overseas (International) Limited (東方海外(國際)有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 00316) and a director, the chief financial officer and a member of the executive committee of Orient Overseas Container Line Limited (東方海外貨櫃航運有限公司) from August 2018 to June 2022. He served as a deputy section chief and vice director of the capital centre of the planning and finance department, the assistant to the general manager of the planning and finance department and an assistant to the general manager of the financial capital department of China Shipping (Group) Company (中國海運(集團)總公司), and a deputy chief accountant and the chief accountant of COSCO SHIPPING Development Co., Ltd. (中遠海運發展股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601866; a company listed on the Hong Kong Stock Exchange, stock code: 02866, formerly known as China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司)).</p> <p>Mr. ZHANG obtained a bachelor's degree in investment economics from the School of Finance under Shanghai University of Finance and Economics (上海財經大學金融學院) in June 1999, and a master's degree in business administration from Antai College of Economics &amp; Management under Shanghai Jiao Tong University (上海交通大學安泰經濟與管理學院) in January 2007, respectively. He is a Chartered Financial Analyst (CFA) and a senior accountant.</p>

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Name	Major work experience
<p>DING Lusha (丁璐莎)</p>	<p>Ms. DING has served as a non-executive Director of the Company since June 2023. She has been the general manager of the investment business department of PICC Life Insurance Company Limited (中國人民人壽保險股份有限公司) since November 2023, a supervisor of China Securities Credit Investment Co., Ltd. (中證信用增進股份有限公司) since June 2020, a supervisor of PICC Health &amp; Senior Care Management (Guangzhou) Co., Ltd. (人保健康養老管理(廣州)有限公司) since July 2023, and a director of PICC Financial Services Company Limited (人保金融服務有限公司) since September 2023. She was a level II senior expert of the investment department of PICC Pension Company Limited (中國人民養老保險有限責任公司) from October 2022 to January 2023, the deputy general manager of the investment business department of PICC Life Insurance Company Limited (中國人民人壽保險股份有限公司) from January 2023 to November 2023, and successively served as the team leader of the secretariat of president's office/ party committee office, a manager and senior manager of the investment management division of the investment and financial management department, a senior manager of the asset allocation division and senior manager of the inclusive finance management division of the investment and financial management department, a senior expert of the investment management department, and a level II senior expert of the investment management department of The People's Insurance Company (Group) of China Limited (中國人民保險集團股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601319; a company listed on the Hong Kong Stock Exchange, stock code: 01339) from June 2008 to October 2022.</p> <p>Ms. DING Lusha obtained a bachelor's degree in law from Beihang University (北京航空航天大學) in July 2001, and a master's degree in law from the Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院) in June 2007, respectively.</p>
<p>XIANG Hua (向華)</p>	<p>Mr. XIANG has served as an independent non-executive Director of the Company since July 2017. He has been a director of CONNECT WEALTH INVESTMENT LIMITED and NeoSpective Capital Limited since October 2021, and a non-executive Director of Digital Finance Group Limited (數字金融集團有限公司) since February 2024. He served as the chief executive officer of Durer Investment Management Co., Ltd. (圖瑞投資管理有限公司) from January 2018 to January 2022. He acted as an officer and the deputy head of the Balance of Payments Department and General Affairs Department of the State Administration of Foreign Exchange, and the head of the Central Foreign Exchange Business Center of the State Administration of Foreign Exchange, the general manager of SAFE Investment Company Limited, and the chief executive officer and chief operating officer of Deepwater Capital Limited.</p> <p>Mr. XIANG Hua obtained a bachelor's degree in economics from Beijing Normal University and a master's degree in economics from Renmin University of China in July 1994 and September 2001, respectively.</p>

Name	Major work experience
<p>YIP, Ying Chi Benjamin (葉熒志)</p>	<p>Mr. YIP has served as an independent non-executive Director of the Company since January 2024. He has served as a director of IR Sensor Technology Limited (紅外芯科技有限公司) since September 2019 and a director of BN Capital Management Limited (奔富資本管理有限公司) since February 2024. He was a director, chief investment officer and responsible officer of Benington Capital Limited (柏寧頓資本管理有限公司) (currently known as Nan Guo International Asset Management Limited (南國國際資產管理有限公司)) from October 2014 to February 2020, a director and responsible officer of Alex KY Wong Asset Management Company Limited (黃國英資產管理有限公司) (formerly known as Benington Capital Partners Limited (柏寧頓資本有限公司), a corporation licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO from February 2020 to February 2024. He was an account manager of the credit and marketing department of the Hong Kong branch of Standard Chartered Bank (渣打銀行香港分行), a manager of the corporate banking division of the Hong Kong branch of Bank Austria (奧地利銀行香港分行), a vice president of the investment banking division of Societe Generale Asia Limited (法國興業亞洲有限公司), the managing director of Ka Wah Capital Limited (嘉華金融有限公司), a director of Gain Forever Investment Limited (恆豐投資有限公司), a vice president of the investment department of Dryden Securities (Hong Kong) Limited (美國培基證券有限公司) (currently known as FT Securities Limited (富通證券有限公司)), the investment director of the global private client department of Merrill Lynch (Asia Pacific) Limited (美林(亞太)有限公司), the managing director and head of investment banking division of Baron Asia Limited (建勤亞洲有限公司) (currently known as BGI Capital Limited (金泉金融有限公司)), a director and president of Oriental Ginza Holdings Limited (東方銀座控股有限公司) (currently known as Carnival Group International Holdings Limited (嘉年華國際控股有限公司), a company listed on the Hong Kong Stock Exchange, stock code: 00996), a director and responsible officer of Capital Instinct Limited (資本觸覺資產管理有限公司), and a director and responsible officer of Value Star Asset Management (Hong Kong) Limited (恒星資產管理(香港)有限公司) (a corporation licensed to carry out Type 9 regulated activity under the SFO).</p> <p>Mr. YIP obtained a bachelor's degree in business administration from the Chinese University of Hong Kong (香港中文大學), a master's degree in business administration from the University of Hong Kong (香港大學) and a master's degree in accounting from Victoria University (維多利亞大學) in Australia in May 1987, May 1993 and July 1996, respectively. Mr. YIP is a fellow of Chartered Professional Accountants of Australia (FCPA (Australia)) and holds the professional qualification of Certified International Investment Analyst (CIIA).</p>



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Name	Major work experience
ZHANG Ruijun (張瑞君)	<p>Ms. ZHANG has served as an independent non-executive Director of the Company since January 2024. She has served as a partner and the chief executive officer of Y&amp;R Capital Management (Beijing) Co., Ltd. (雅瑞和宜資本管理(北京)有限責任公司) since July 2015, an executive director of Beijing Universal Pioneering Technology Co., Ltd. (北京博創興盛科技有限公司) since June 2012, an independent non-executive director of Inspur Digital Enterprise Technology Limited (浪潮數字企業技術有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 00596) since April 2014, a director of UML-TECH Co., Ltd. (博創聯動科技股份有限公司) since January 2016, a director of Beijing Dawei Laser Technology Co., Ltd. (北京大威激光科技有限公司) since July 2016, a director of Beijing Duodian Online Technology Co., Ltd. (北京多點在線科技有限公司) since November 2016, a director of Nuosikai Technology (Beijing) Co., Ltd. (諾思凱科技(北京)有限公司) since September 2020, the general manager of Hainan Ruijing Investment Co., Ltd. (海南瑞晶投資有限責任公司) since March 2021, a director of Suzhou Racosensor Technology Co., Ltd. (蘇州理工雷科傳感技術有限公司) since April 2021, a director of Beijing X-Magtech Technologies Co., Ltd. (北京未磁科技有限公司) since May 2021, and an independent director of Tinavi Medical Technologies Co., Ltd. (北京天智航醫療科技股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 688277) since September 2023. She successively served as an associate professor and a professor at Renmin University of China (中國人民大學) from December 1992 to November 2022.</p> <p>Ms. ZHANG obtained a bachelor's degree in mechanical manufacturing technology and equipment from Xinjiang University (新疆大學) (formerly known as Xinjiang Institute of Technology (新疆工學院)), a master's degree in software from the Computer Department of Northwest University (西北大學) and a doctoral degree in accounting from Renmin University of China (中國人民大學) in July 1983, June 1988 and July 2002, respectively.</p>

Name	Major work experience
<p>CAO Xiao (曹嘯)</p>	<p>Mr. CAO has served as an independent non-executive Director of the Company since January 2024. He has served as the vice dean of the School of Finance under Shanghai University of Finance and Economics since October 2023. He has served as a professor at the School of Finance under Shanghai University of Finance and Economics since June 2021, the director of the Quantitative Finance Research Center (量化金融研究中心) under Shanghai University of Finance and Economics since June 2015, a researcher of the Shanghai Institute of International Finance Center (上海國際金融中心研究院) under Shanghai University of Finance and Economics since June 2017, a researcher of the Shanghai Institute of International Finance and Economics (上海國際金融與經濟研究院) under Shanghai University of Finance and Economics since October 2018, the dean of the Institute of Pan-Yangtze River Delta Transaction Bank and Industry Chain Finance (泛長三角交易銀行暨產業鏈金融研究院) under Shanghai University of Finance and Economics since November 2018, and an independent director of Huaan Securities Co., Ltd. (華安證券股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600909) since December 2020. He was an associate professor at the School of Finance under Shanghai University of Finance and Economics from June 2007 to June 2021 and the assistant to the dean of the School of Finance under Shanghai University of Finance and Economics from October 2014 to October 2023. He served as a researcher of the Fund Department of Fullgoal Fund Management Company Limited (富國基金管理公司).</p> <p>Mr. CAO Xiao obtained a bachelor's degree in materials from Xi'an Jiaotong University (西安交通大學) in July 1992, and a doctorate degree in finance from Xi'an Jiaotong University (西安交通大學) in November 2003, respectively.</p>

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Name	Major work experience
FENG Jinhua (豐金華)	<p>Mr. FENG has served as an independent non-executive Director of the Company since November 2022. He has been an independent non-executive director of CIMC Vehicles (Group) Co., Ltd. (中集車輛(集團)股份有限公司) (hereinafter referred to as "CIMC Vehicles (中集車輛)") (a company listed on the Shenzhen Stock Exchange, stock code: 301039; a company listed on the Hong Kong Stock Exchange, stock code: 01839) since June 2019. He served as a vice section chief, the section chief, a vice division chief, the division chief of the finance department, a vice chief accountant and the chief accountant of Qingdao Ocean Shipping Company (青島遠洋運輸公司), the general manager of the finance department of China Ocean Shipping (Group) Company (中國遠洋運輸(集團)總公司), the chief financial officer of COSCO SHIPPING Holdings Co., Ltd. (中遠海運控股股份有限公司) (formerly known as China COSCO Holdings Company Limited (中國遠洋控股股份有限公司)) (a company listed on the Shanghai Stock Exchange, stock code: 601919; a company listed on the Hong Kong Stock Exchange, stock code: 01919), a vice managing director of COSCO Pacific Limited (中遠太平洋有限公司), the chief financial officer of COSCO (Hong Kong) Group Limited (中遠(香港)集團有限公司), and a non-executive director of CIMC Vehicles (中集車輛) (a company listed on the Shenzhen Stock Exchange, stock code: 301039; a company listed on the Hong Kong Stock Exchange, stock code: 01839).</p> <p>Mr. FENG Jinhua graduated from Qingdao Ocean Shipping Mariners College (青島遠洋船員學院) in the PRC, majoring in accounting, in July 1986, and obtained an Executive Master of Business Administration degree from the Business School of the University of International Business and Economics (對外經濟貿易大學) in the PRC in December 2006. He was awarded the senior accountant qualification by China Road and Bridge Corporation (中國路橋(集團)總公司) in September 2005, the title of excellent accountant in transportation industry by the China Communications Accounting Society (中國交通會計學會) in April 2006 and the title of outstanding informatization application promoter by the National Informatization Evaluation Center (國家信息化測評中心) in February 2007.</p>

Name	Major work experience
<p>ZHU Eric Liwei (朱立偉)</p>	<p>Mr. ZHU has served as a Supervisor of the Company since August 2023. He has been the deputy general manager of China Merchants Financial Holdings Co., Ltd. (招商局金融控股有限公司) since September 2022, a director of Yintong Qianhai Financial Asset Exchange (深圳市銀通前海金融資產交易中心有限公司) (formerly known as CMB Qianhai Financial Asset Exchange (深圳市招銀前海金融資產交易中心有限公司)) since December 2015 and the chairman of the board of directors since September 2019, the chairman of the board of directors of CM Houlder Insurance Brokers Limited (招商海達保險顧問有限公司) since March 2022, and the chairman of the board of directors of CMB Wing Lung Insurance Company Limited (招商永隆保險有限公司) since December 2023. He was an executive member (standing) of the Execution Committee of China Merchants Financial Services Business Unit (招商局金融事業群/平台) from June 2018 to September 2022, a director of China Merchants Group Finance Co., Ltd. (招商局集團財務有限公司) from June 2018 to January 2023, and a director of the Company from August 2007 to May 2014. He served as a manager of Far Eastern Furnishings Co., Ltd. (Middle East) (遠東傢俱有限公司(中東)), an account manager of the Small and Medium Enterprise Business Center (Toronto) of Canadian Imperial Bank of Commerce (加拿大帝國商業銀行) (a company listed on the New York Stock Exchange, stock code: CM; a company listed on the Toronto Stock Exchange, stock code: CM), an assistant director of the finance department of Lenovo Group Limited (聯想集團有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 00992), a senior manager of the performance reform department of PricewaterhouseCoopers (普華永道會計師事務所), an assistant to general manager and the deputy general manager of China Merchants Finance Holdings Co., Ltd.(招商局金融集團有限公司), a director of China Merchants Commerce Financial Leasing Co., Ltd. (招商局通商融資租賃有限公司), and a director of China Merchants Ping An Asset Management Co., Ltd. (深圳市招商平安資產管理有限責任公司).</p> <p>Mr. ZHU Eric Liwei obtained a bachelor's degree in analytical chemistry from Hunter College of the City University of New York (紐約市立大學) in the United States in July 1994, and a master's degree in finance and accounting from the Schulich School of Business at York University (約克大學) in Canada in November 2001, respectively.</p>

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Name	Major work experience
WANG Zhangwei (王章為)	<p>Mr. WANG has served as a Supervisor of the Company since June 2017. He has been the audit officer (首席稽核官) of China Merchants Financial Holdings Co., Ltd. (招商局金融控股有限公司) since September 2022, a director of Shenzhen Yan Qing Investment and Development Co., Ltd. (深圳市晏清投資發展有限公司), Shenzhen Chu Yuan Investment and Development Co., Ltd. (深圳市楚源投資發展有限公司) and Shenzhen Jisheng Investment Development Co., Ltd. (深圳市集盛投資發展有限公司) since November 2014, a director of Shenzhen New Jiangnan Investment Co., Ltd. (深圳新江南投資有限公司) since June 2015, a supervisor of China Merchants Financial Leasing Co., Ltd. (招商局融資租賃有限公司) (formerly known as China Merchants Commerce Financial Leasing Co., Ltd. (招商局通商融資租賃有限公司)) since July 2017, a supervisor of China Merchants Financial Technology Co., Ltd. (招商局金融科技有限公司) since November 2017, and a director of China Great Wall Securities Co., Ltd. (長城證券股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002939) since June 2023. He was the audit officer (首席稽核官) of China Merchants Financial Services Business Unit (招商局金融事業群/平台) from April 2019 to September 2022. He served as a manager of the audit department of China Merchants Shekou Holdings Co., Ltd. (招商局蛇口控股股份有限公司), a deputy manager of the planning and finance department of China Merchants Technology Holdings Co., Ltd. (招商局科技集團有限公司), a director of the audit department of China Merchants Group Limited (招商局集團有限公司), a general manager of the finance department of China Merchants Finance Holdings Co., Ltd. (招商局金融集團有限公司), a general manager of Shenzhen Jisheng Investment Development Co., Ltd. (深圳市集盛投資發展有限公司), Shenzhen Chu Yuan Investment and Development Co., Ltd. (深圳市楚源投資發展有限公司) and Shenzhen Yan Qing Investment and Development Co., Ltd. (深圳市晏清投資發展有限公司), and an assistant to general manager of China Merchants Finance Holdings Co., Ltd. (招商局金融集團有限公司).</p> <p>Mr. WANG Zhangwei obtained a bachelor's degree in material accounting from Dongbei University of Finance and Economics (東北財經大學) and an MBA degree from the University of South Australia (南澳大學) in July 1995 and April 2008, respectively. Mr. WANG Zhangwei is a certified public accountant in the PRC and an international certified internal auditor.</p>

Name	Major work experience
MA Yunchun (馬蘊春)	<p>Mr. MA has served as a Supervisor of the Company since June 2017. He has been the chairman of the board of directors of Hebei Port Group (Tianjin) Investment Management Co., Ltd. (河北港口集團(天津)投資管理有限公司) since October 2020, a director of Yuanhang Minghua (Shanghai) Private Equity Fund Management Co., Ltd. (遠航明華(上海)私募基金管理有限公司) (formerly known as Yuanhang Minghua Asset Management Co., Ltd. (遠海明華資產管理有限公司)) since December 2016, the vice chairman of the board of directors of Hebei Financial Investment Guarantee Group Co., Ltd. (河北融投擔保集團有限公司) since July 2021, and a director of ZJMI Environmental Energy Co., Ltd. (浙江物產環保能源股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 603071) since May 2022. He served as the chairman of the board of directors of Hebei Port Group Shanghai Investment Management Company (河北港口集團上海投資有限公司) from January 2016 to June 2021. He served as a cadre of the electromechanical division, the vice head and the head of the lading team, and the deputy manager of the Sixth Port Service Branch of Qinghuangdao Port Co., Ltd. (秦皇島港口有限公司第六港務分公司), a manager of logistics branch of Qinhuangdao Port Co., Ltd. (秦皇島港口有限公司物流公司), a manager of the First Port Service Branch of Qinhuangdao Port Co., Ltd. (秦皇島港股份有限公司) (formerly known as Qinhuangdao Port Co., Ltd. (秦皇島港口有限公司)), and the general manager of Hebei Port Group (Tianjin) Investment Management Co., Ltd. (河北港口集團(天津)投資管理有限公司) and Hebei Port Group Shanghai Investment Management Company (河北港口集團上海投資有限公司).</p> <p>Mr. MA Yunchun obtained a bachelor's degree and a master's degree in welding from Tianjin University (天津大學) in July 1989 and April 1994, respectively.</p>

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Name	Major work experience
PENG Luqiang (彭陸強)	<p>Mr. PENG has served as a Supervisor of the Company since June 2023. He has been the deputy chief accountant of China Communications Construction Group (Limited) (中國交通建設集團有限公司) since September 2023, a vice chief accountant of China Communications Construction Company Limited (中國交通建設股份有限公司) since November 2023, the general manager of the finance &amp; fund department of China Communications Construction Group (Limited) (中國交通建設集團有限公司) since July 2023, and the vice chairman of Jiang Tai Insurance Brokers Co., Ltd. (江泰保險經紀股份有限公司) since May 2023. He served as the general manager of the finance &amp; fund department of China Communications Construction Company Limited (中國交通建設股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601800; a company listed on the Hong Kong Stock Exchange, stock code: 01800) from September 2022 to June 2023, the chief accountant of CCCC Dredging (Group) Co., Ltd. (中交疏浚(集團)股份有限公司) from October 2020 to September 2022, and a director and the chief accountant of CCCC Shanghai Dredging Co., Ltd. (中交上海航道局有限公司) from December 2017 to October 2020. He served as the deputy section chief (副科長) of the financial section (財務科) of No. 2 Engineering Co., Ltd. of CCCC Third Harbor Engineering Co., Ltd. (中交三航局第二工程有限公司), and the section chief (科長) and the deputy chief accountant of the department of Singapore Changi Project (the second phase) of CCCC Third Harbor Engineering Co., Ltd. (中交第三航務工程局有限公司) as well as the deputy division chief (副處長) and the division chief (處長) of the financial division (財務處), the chief accountant and a director of CCCC Third Harbor Engineering Co., Ltd. (中交第三航務工程局有限公司).</p> <p>Mr. PENG Luqiang obtained a bachelor's degree in management majoring in engineering and financial accounting from Changsha Transportation College (長沙交通學院) (currently known as Changsha University of Science &amp; Technology (長沙理工大學)) in July 1990, and was awarded a qualification certificate as a senior accountant from China Communications Construction Group (Limited) (中國交通建設集團有限公司) in October 2021.</p>

Name	Major work experience
<p>ZOU Qun (鄒群)</p>	<p>Mr. ZOU has served as a Supervisor of the Company since October 2020. He has been the general manager of Shenzhen Huaqiang Dingxin Investment Co., Ltd. (深圳華強鼎信投資有限公司) since March 2021, a director of Shenzhen Huaqiang Dingxin Investment Co., Ltd. (深圳華強鼎信投資有限公司) since January 2015 and a director of Guangdong Huaqiang Property Co., Ltd. (廣東華強置業有限公司) since January 2008. He was the chief of securities investment department of Shenzhen Huaqiang Asset Management Co., Ltd. (深圳華強資產管理有限責任公司) from December 2018 to March 2021. He served as the deputy chief and the chief of financial settlement center, the chief of investment management division and a supervisor of Shenzhen Huaqiang Group Co., Ltd. (深圳華強集團有限公司), a director of Shenzhen Huaqiang Industry Co., Ltd. (深圳華強實業股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000062), the deputy managing director of Shenzhen Sanyang Huaqiang Laser Electronic Co., Ltd. (深圳三洋華強激光電子有限公司), the deputy general manager of Huaqiang Cloud Investment Holding Co., Ltd. (華強雲投資控股有限公司), the managing director of Shenzhen Huaqiang Laser Electronic Co., Ltd. (深圳華強激光電子有限公司), the general manager of Shenzhen Huaqiang Zhaoyang Energy Co., Ltd. (深圳華強兆陽能源有限公司), the chief of securities investment department of Shenzhen Huaqiang Asset Management Group Co., Ltd. (深圳華強資產管理集團有限責任公司), a director of Shenzhen Huaqiang Group Co., Ltd. (深圳華強集團股份有限公司), the general manager of Shenzhen Qianhai Huaqiang Xinghe Financial Leasing Development Co., Ltd. (深圳前海華強興和融資租賃發展有限公司), and the general manager of Shenzhen Huaqiang Group Finance Co., Ltd. (深圳華強集團財務有限公司).</p> <p>Mr. ZOU Qun obtained a bachelor's degree in magnetic physics and devices from Huazhong University of Science and Technology (華中科技大學) (formerly known as Huazhong Institute of Technology (華中理工大學)) in July 1988. He was awarded with the finance professional qualification of intermediate economist by the Ministry of Personnel of the People's Republic of China (中華人民共和國人事部) in June 1995, and obtained the qualification of senior professional manager in enterprise management from the China Professional Manager Qualification Assessment Committee (中國職業經理人資格評審委員會) in July 2005.</p>
<p>YIN Hongyan (尹虹艷)</p>	<p>Ms. YIN has served as an employee representative Supervisor of the Company since August 2007. Ms. YIN has been our assistant to president since December 2021, and our Chief Human Resource Officer since June 2020. She was the general manager of our Department of Retail Brokerage and Department of Operations and Administration from August 2017 to August 2018, and the general manager of our Human Resources Department from August 2018 to June 2020. She served as the assistant to manager and head of the customer service department of our Shenzhen Zhenhua Road securities branch, deputy manager of our Shenzhen Fumin Road securities branch, assistant to general manager of our Private Customer Service Department, manager of our Shenzhen Fumin Road securities branch and deputy general manager and later general manager of our Department of Operations and Administration.</p> <p>Ms. YIN Hongyan obtained a doctoral degree in law majoring in sociology from Nankai University in June 2006.</p>



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Name	Major work experience
WANG Jianping (王劍平)	<p>Mr. WANG has served as an employee representative Supervisor of the Company since January 2024 and the general manager of our Finance Department since March 2022. He served as the deputy general manager (person-in-charge) of our Capital Management Department from September 2017 to April 2021, the general manager of our Capital Management Department from April 2021 to March 2022, a director of China Merchants Zhiyuan Capital Investment Co., Ltd. (招商致遠資本投資有限公司) from March 2022 to March 2023, and the chairman of the supervisory committee of Boseru Asset Management Co., Limited (博時基金管理有限公司) from August 2022 to August 2023. He served as the financial manager in a number of sales departments of Industrial Securities Co., Ltd. (興業證券股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601377), and served as the assistant to the general manager and deputy general manager of our Finance Department.</p> <p>Mr. WANG Jianping obtained a bachelor's degree in accounting from Jiangxi University of Finance and Economics in July 1998, and a master's degree in management science and engineering from Tianjin University in December 2012, respectively.</p>
CHEN Jun (陳鋈)	<p>Mr. CHEN has served as an employee representative Supervisor of the Company since March 2023. He has been the general manager of our audit department since February 2023, and successively served as the deputy general manager (in charge of work) of our internal review department, and the deputy general manager (in charge of work) and the general manager of the internal review department of our risk management center from April 2020 to February 2023. From June 2015 to April 2020, he served as the deputy general manager of our risk management department (during the period from June 2017 to April 2020, he also served as the chief risk officer of China Merchants Zhiyuan Capital Investment Co., Ltd.). He previously served as the financial director of the project department of Pakistan Barotha Hydropower Plant of Sinohydro Engineering Bureau 8 Co., Ltd. (中國水利水電第八工程局公司), an auditor of KPMG Huazhen LLP, Shenzhen Branch (畢馬威華振會計師事務所深圳分所), and the assistant to the general manager of our risk management department.</p> <p>Mr. CHEN Jun obtained a bachelor's degree majoring in trade economics from Guizhou College of Finance and Economics (貴州財經學院) in July 1998, and a master's degree majoring in law from Xiamen University (廈門大學) in July 2006, respectively.</p>

Name	Major work experience
<p>XIONG Kai (熊開)</p>	<p>Mr. XIONG has served as a Vice President of the Company since August 2023. He successively served as the general manager of the inspection and security department, the director of the general office and the general manager of the asset security department, the general manager of Zhengzhou Branch, the general manager of Beijing Branch, and a secretary of the Discipline Inspection Commission of the Head Office of China Merchants Bank Co., Ltd. (招商銀行股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600036; a company listed on The Stock Exchange of Hong Kong Limited, stock code: 03968) from July 2014 to July 2023. He served as deputy section officer, section officer and deputy director of the Ministry of Public Security, researcher, director, deputy division director and division direct of relevant departments of General Office of the Central People Government.</p> <p>Mr. XIONG Kai obtained a bachelor's degree in English from China People's Police University in July 1994, a master's degree in law from Renmin University of China in July 2002, and a doctoral degree in law theory from Chinese Academy of Social Sciences in July 2011, respectively.</p>
<p>LIU Jie (劉傑)</p>	<p>Mr. LIU has served as a Vice President (chief financial officer), the Joint Company Secretary and the authorized representative under Rule 3.05 of the Hong Kong Listing Rules of the Company since April 2023 and the Secretary to the Board since August 2023. He has served as the chairman of the supervisory committee of China Merchants Fund since December 2023. He served as the deputy head of the preparatory group, a member of the Party Committee, the deputy general manager and the chief financial officer of China Merchants Life Insurance Company Limited (招商局仁和人壽保險股份有限公司) from December 2016 to March 2023 successively, a director of China Merchants Financial Leasing Co., Ltd. (招商局融資租賃有限公司) from June 2016 to March 2023, a director of China Merchants Life Community Investment Co., Ltd. (招商局仁和養老投資有限公司) from April 2019 to March 2023 and a director of China Merchants Health Care (Shenzhen) Company Limited (招商局仁和厚德醫療管理(深圳)有限公司) from January 2020 to March 2023. He was the assistant to the general manager of the Capital Market Planning Department of the Company, the deputy general manager of the finance department and the deputy chief financial officer of China Merchants Holdings (International) Company Limited (招商局國際有限公司), the assistant to general manager of the finance department of China Merchants Group Limited (招商局集團有限公司), and the chief financial officer of China Merchants Finance Holdings Co., Ltd. (招商局金融集團有限公司).</p> <p>Mr. LIU Jie obtained a bachelor's degree of Engineering in industrial management engineering (industrial accounting) from the Management Engineering Department of Hefei University of Technology in July 1993, a master's degree in accounting from the Accounting Department of Xiamen University in July 1996, and a doctoral degree in accounting from the Accounting Department of Xiamen University in July 1999.</p>

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Name	Major work experience
<p>ZHAO Bin (趙斌)</p>	<p>Mr. ZHAO has served as a vice president of the Company since November 2018. He was an executive director of CMS Investment from January 2019 to May 2022, the chief compliance officer of CMS Asset Management from January 2018 to January 2021, the chairman of the supervisory committee of China Merchants Fund from September 2017 to April 2020, and the chairman of the board of directors of CMS International from January 2022 to May 2023. He took the position of assistant to manager and manager of our Haikou branch, head of Futian branch, assistant to general manager of our Brokerage Business Department, deputy manager (person-in-charge) of our Shenzhen Longgang securities branch, manager of our Shenzhen Nanshan Nanyou Road securities branch, general manager of our Private Customer Service Department, general manager of our Channel Management Department, general manager of our Department of Retail Brokerage, our employee representative Supervisor and Chief Compliance Officer, and director of CMS Asset Management and China Merchants Futures.</p> <p>Mr. ZHAO Bin obtained a bachelor's degree in economics majoring in international finance from Shenzhen University and a master's degree in science majoring in project management from the University of Greenwich in June 1992 and December 2010, respectively.</p>
<p>ZHANG Haochuan (張浩川)</p>	<p>Mr. ZHANG has served as a vice president of the Company since May 2022. He was a director and the chief investment officer of China Life Franklin Asset Management Company Limited from October 2019 to November 2021. He once worked in China Life Asset Management Company Limited and served as a senior researcher, deputy general manager (person-in-charge) of strategic planning department, deputy general manager (person-in-charge) of direct investment division, deputy general manager (person-in-charge) of international business department and the general manager of international business department. He was a senior manager of international quantitative portfolio strategy department of Lehman Brothers/Nomura Securities, a senior system design engineer of engineering department of Applied Materials, Inc., and a director and the president of China Life Franklin Asset Management Company Limited.</p> <p>Mr. ZHANG Haochuan obtained a bachelor's degree in engineering mechanics from Tsinghua University in July 1995, a master's degree in aerospace engineering from Georgia Institute of Technology in December 1996, a doctoral degree in mechanical engineering from the University of California, Berkeley in December 2001, and a master's degree in financial engineering from the University of California, Berkeley in May 2007.</p>

Name	Major work experience
LIU Rui (劉銳)	<p>Mr. LIU has served as a vice president of the Company since August 2023. He has served as a director of China Merchants Securities (HK) Co., Limited, China Merchants Futures (HK) Co., Limited, CMS Capital (HK) Co., Limited and CMS Asset Management (HK) Co., Limited since July 2023, the chairman of the board of directors of China Merchants Securities International Company Limited since June 2023, an executive director of China Merchants Zhiyuan Capital Investment Co., Ltd. (招商致遠資本投資有限公司) since April 2023, the chairman of the board of directors of China Merchants Futures Co., Limited since July 2022, the chairman of the board of directors of Chizhou Zhong'an China Merchants Equity Investment Management Co., Ltd. (池州中安招商股權投資管理有限公司) since June 2022, the chairman of the board of directors of Anhui Traffic Control China Merchants Fund Management Co., Ltd. (安徽交控招商私募基金管理有限公司) since April 2022, a supervisor of China State-owned Enterprise Structural Adjustment Fund Phase II Co., Ltd. (國有企業結構調整基金二期股份有限公司) since August 2022, and a director of Guangdong Equity Exchange Center Co., Ltd. since June 2018. He served as the chief executive officer of China Merchants Securities International Company Limited (招商證券國際有限公司) from June 2023 to October 2023, the deputy director of Investment Banking Committee of the Company from April 2021 to December 2021, and then vice chairman of the board of directors (until January 2022), general manager (until February 2023) and chairman of the board of directors (from January 2022) of China Merchants Zhiyuan Capital Investment Co., Ltd. (招商致遠資本投資有限公司) from December 2021 to April 2023, and assistant to President of the Company from July 2018 to August 2023. Mr. LIU held the following major positions in the Company: deputy manager, deputy manager (person-in-charge) and manager of our Shenzhen Zhenhua Road branch (振華路營業部), general manager of the pipeline management department, general manager of the over-the-counter ("OTC") marketing department, and general manager of the OTC market business headquarters.</p> <p>Mr. LIU Rui obtained a bachelor's degree in securities specialization from Shanghai University of Finance and Economics and a master's degree in business administration from Huazhong University of Science and Technology in July 1995 and September 2001, respectively.</p>

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Name	Major work experience
ZHANG Xing (張興)	<p>Mr. ZHANG has served as the chief compliance officer of the Company since March 2024 and Chief Risk Officer since February 2024. He has been the assistant to the president of the Company since September 2023, the director of the Risk Management Center of the Company since April 2021, a supervisor of China Merchants Futures Co., Limited since March 2008, a director of China Merchants Securities Asset Management Co., Ltd. since July 2015, the chief risk officer of China Merchants Securities Investment Co., Ltd. since September 2017, and a director of CMS International since January 2019, the head of risk management of CMS International since April 2020, and the Chief Risk Officer of China Merchants Zhiyuan Capital Investment Co., Ltd. since September 2020. He served as the Chief Risk Officer of CMS Asset Management from December 2017 to July 2021, a director of CMS Zhiyuan Capital from May 2019 to March 2023, and the director of the Operation and Management Center of the Company from September 2023 to January 2024. He worked as an investment researcher at the Mainland Finance Department of China Shipping Development (Shanghai) Ltd. (中海發展(上海)有限公司) and China Shipping Group Finance Company Limited (中海財務), manager of the Customer Department of the Shenzhen Securities Business Office of Hainan Hong Kong and Macao International Trust and Investment Corporation (海南港澳國際信託投資有限公司), assistant to the general manager and deputy director (person-in-charge) of the Risk Management Department, deputy general manager (person-in-charge) and general manager of the Legal and Compliance Department, and general manager and director of the Risk management Department of the Company.</p> <p>Mr. ZHANG Xing obtained a bachelor's degree in Securities from Shanghai University of Finance and Economics in July 1997 and a master's degree in Finance from Fudan University in June 2004, respectively. Mr. ZHANG Xing has obtained Legal Professional Certificate of PRC and Financial Risk Manager (FRM) certificate.</p>

Name	Major work experience
SU Min (蘇敏)	<p>Ms. SU served as a non-executive Director of the Company from June 2016 to March 2023. She served as a director of China Merchants Finance Holdings from December 2015 to March 2023, a non-executive director of China Merchants Bank (a company listed on the Shanghai Stock Exchange, stock code: 600036; a company listed on the Hong Kong Stock Exchange, stock code: 03968) from September 2014 to March 2023, a director of Bosera Funds from September 2018 to March 2023, and a director of China Great Wall Securities Co., Ltd. (a company listed on the ShenZhen Stock Exchange, stock code: 002939) from October 2020 to March 2023. She was the general manager of China Merchants Finance Investment Holdings Co., Ltd. from December 2017 to September 2022, a standing vice chairman of the Execution Committee of China Merchants Financial Services Business Unit from June 2018 to September 2022, and the deputy general manager of China Merchants Financial Holdings Co., Ltd. (招商局金融控股有限公司) (formerly known as China Merchants Finance Investment Holdings Co., Ltd. (深圳市招融投資控股有限公司)) from September 2022 to February 2023. She was the chief accountant and deputy general manager of Anhui Province Energy Group Co., Ltd., a director of Anhui Wenergy Company Limited (a company listed on the ShenZhen Stock Exchange, stock code: 000543), a director of Huishang Bank Corporation Limited (a company listed on the Hong Kong Stock Exchange, stock code: 03698), the chief accountant of China Shipping (Group) Company, the chairman of the board of directors of China Shipping Finance Co., Ltd., an executive director of COSCO SHIPPING Energy Transportation Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600026; a company listed on the Hong Kong Stock Exchange, stock code: 01138), a non-executive director of COSCO SHIPPING Development Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601866; a company listed on the Hong Kong Stock Exchange, stock code: 02866), the chairman of the board of directors of China Shipping Leasing Co., Ltd., a director of China Merchants Innovation Investment Management Co., Ltd., a supervisor of China Merchants Capital Co., Ltd., and the general manager of China Merchants Finance Holdings.</p> <p>Ms. SU Min obtained a bachelor's degree in finance from Shanghai University of Finance and Economics in July 1990, and a master's degree in business administration from the University of Science and Technology of China in December 2002. She was granted the qualifications of Certified Public Accountant, Certified Public Valuer and senior accountant in June 1998, June 1999 and June 2008, respectively.</p>

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Name	Major work experience
PENG Lei (彭磊)	<p>Ms. PENG served as a non-executive Director of the Company from August 2007 to January 2023. She has served as the deputy general manager of China Merchants Ping An Asset Management Co., Ltd. (深圳市招商平安資產管理有限責任公司) since July 2021. She was a director of Shenzhen China Merchants Ping An Investment Management Co., Ltd. (深圳市招商平安投資管理有限責任公司) and China Merchants Investment Management (Shenzhen) Co., Ltd. (招商投資管理(深圳)有限責任公司) from November 2021 to September 2022, a director of Shenzhen China Merchants Ping An Asset Management Co., Ltd. (深圳市招商平安資產管理有限責任公司) from December 2018 to June 2022, a director of China Merchants Commerce Leasing Co., Ltd. (招商局通商融資租賃有限責任公司) from August 2018 to November 2021, a standing member of the Execution Committee of China Merchants Financial Services Business Unit from June 2018 to June 2021, and a director of China Great Wall Securities Co., Ltd. (長城證券股份有限責任公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002939) from June 2011 to April 2023. She served as an executive director of Union Asset Management Company, the deputy general manager of the general management department, general manager of the audit department, general manager of the China business department, general manager of the securities department, assistant to general manager and deputy general manager of China Merchants Finance Holdings, a director of Morgan Stanley Huaxin Fund Management Co., Ltd., and a director of Bosera Funds.</p> <p>Ms. PENG Lei obtained a bachelor's degree in economics majoring in business management from Southwestern University of Finance and Economics and a master's degree in economics majoring in finance from Peking University in July 1994 and July 2010, respectively.</p>

Name	Major work experience
GAO Hong (高宏)	<p>Mr. GAO served as a non-executive Director of the Company from March 2020 to August 2023. He has been the deputy general manager (chief digital officer (CDO)) of China Merchants Life Insurance Company Limited (招商局仁和人壽保險股份有限公司) since February 2017, a director of China Merchants Financial Technology Co., Ltd. (招商局金融科技有限公司) since November 2017 and the chairman of the board of directors of Ninetech Information Technology (Shenzhen) Co., Ltd. (九科信息技術(深圳)有限公司) since November 2020. He was a standing member of the Execution Committee of China Merchants Financial Services Business Unit from February 2019 to September 2022, the deputy general manager of China Merchants Financial Holdings Co., Ltd. from September 2022 to December 2022, and the general manager of China Merchants Financial Technology Co., Ltd. (招商局金融科技有限公司) from November 2017 to March 2023. He was an assistant engineer of the first engineering division of Nanjing No. 724 Research Institute (南京724研究所), an engineer of China Electronics Software Development Co. (中電軟件技術開發公司), an engineer and the business officer of the computer department, an engineer of actuary and information department, the officer of software development office and the assistant to general manager of computer department under life insurance of China Ping An Insurance Company (中國平安保險公司), the assistant to general manager of the Jilin Branch of China Ping An Insurance Company, the general manager of the computer department in the headquarter of Taiping Life Insurance Co., Ltd., the deputy general manager (person-in-charge) of the information management department and the assistant to general manager of the group shared service center of China Insurance (Holdings) Company Limited, the general manager of the information technology center, the assistant to general manager, and the general manager of innovation and development department of Funde Sino Life Insurance Co., Ltd. (富德生命人壽股份有限公司) (during which time, he also served as the assistant to general manager of Funde Insurance Holding Co., Ltd. (富德保險控股股份有限公司)), and the chief digital officer (CDO) of China Merchants Finance Holdings Co., Ltd. (招商局金融集團有限公司).</p> <p>Mr. GAO Hong obtained a bachelor's degree of science in computer software from the Department of Computer Science from Nanjing University in July 1989.</p>



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Name	Major work experience
<p>LIU Chong (劉沖)</p>	<p>Mr. LIU served as a non-executive Director of the Company from November 2022 to November 2023. He successively served as the general manager (until June 2022), an executive director (since June 2016) and the chairman of the board of directors (since June 2022) of COSCO SHIPPING Development Co., Ltd. (中遠海運發展股份有限公司) (formerly known as China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司)) (a company listed on the Shanghai Stock Exchange, stock code: 601866; a company listed on the Hong Kong Stock Exchange, stock code: 02866) from March 2016 to November 2023. He successively served as a director and the chairman of the board of directors (since June 2022) of COSCO SHIPPING Investment Holdings Co., Limited (中遠海運投資控股有限公司) from July 2016 to November 2023. He served as the chairman of the board of directors of Haifa Baocheng Financial Leasing Co., Ltd. (海發寶誠融資租賃有限公司) (formerly known as COSCO Shipping Leasing Co., Ltd. (中遠海運租賃有限公司)) from July 2016 to November 2023, a non-executive director of China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 01359) from August 2017 to November 2023, a non-executive director of China Everbright Bank Company Limited (中國光大銀行股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601818; a company listed on the Hong Kong Stock Exchange, stock code: 06818) from December 2019 to November 2023, and successively served as a director and the chairman of the board of directors (since May 2022) of COSCO SHIPPING Development (Hong Kong) Co., Limited (中遠海運發展(香港)有限公司) and COSCO Shipping Development (Asia) Co., Ltd. (中遠海運發展(亞洲)有限公司) from July 2016 to November 2023. From May 2016 to March 2021, he successively served as a non-executive director and a vice chairman of the board of directors of China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000039; a company listed on the Hong Kong Stock Exchange, stock code: 02039). He was the deputy general manager and general manager of China Shipping Investment Co., Ltd. (中海集團投資有限公司), the chief financial officer and the deputy general manager of China Shipping Logistics Co., Ltd. (中海集團物流有限公司), and the chief accountant of China Shipping (Hainan) Haisheng Shipping Co., Ltd. (中海(海南)海盛船務股份有限公司) and China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601866; a company listed on the Hong Kong Stock Exchange, stock code: 02866). Mr. LIU Chong served as a Director and Supervisor of the Company from July 2008 to May 2014 and from May 2014 to May 2017, respectively.</p> <p>Mr. LIU Chong obtained a bachelor's degree in economics from Sun Yat-sen University (中山大學) in July 1990 and was awarded the title of senior accountant in November 2000.</p>

Name	Major work experience
<p>WANG Wen (王文)</p>	<p>Mr. WANG served as a non-executive Director of the Company from July 2019 to May 2023. He has served as the vice president of PICC Pension Company Limited (中國人民養老保險有限責任公司) since March 2023. He served as the vice president of PICC Life Insurance Company Limited (中國人民人壽保險股份有限公司) from July 2017 to April 2023, and the chairman of the board of directors of China-US Insurance Advisory Co., Ltd. (中美國際保險銷售服務有限責任公司) from May 2017 to April 2023. He was the assistant to manager and the deputy manager of life insurance department, the deputy manager of domestic business department and the manager of vehicle insurance department of the Beijing Branch of China Pacific Insurance Co., Ltd., the assistant to general manager and the deputy general manager of the Beijing Branch of China Pacific Life Insurance Co., Ltd. (中國太平洋人壽保險股份有限公司), the leader of the preparatory group, the deputy general manager (person-in-charge) and the general manager of the Beijing Branch of PICC Life Insurance Company Limited, and the sales director of PICC Life Insurance Company Limited.</p> <p>Mr. WANG Wen obtained a bachelor's and master's degree in law from Peking University in July 1991 and July 2005, respectively.</p>
<p>XIAO Houfa (肖厚發)</p>	<p>Mr. XIAO served as an independent non-executive Director of the Company from July 2017 to January 2024. He has been the principal partner of RSM China (special general partnership) (容誠會計師事務所(特殊普通合夥)) (formerly known as HuaPu TianJian Certified Public Accountants LLP) since January 2014, and a director of Jingfu Cardiovascular Hospital (Xuzhou) Co., Ltd. (京阜心血管醫院(徐州)有限責任公司) since November 2019. He was an executive director of Beijing Zhongfa Shengxing Management Consulting Co., Ltd. (北京中發晟興管理諮詢有限公司) from April 2020 to December 2020, and a director of Guohua Kangping Elderly Service Co., Ltd. (國華康平養老服務有限公司) from April 2019 to November 2020. He was the founder, deputy chief accountant and chief accountant of Anhui HuaPu Certified Public Accountants (安徽華普會計師事務所), and the chief accountant of HuaPu TianJian Certified Public Accountants (Beijing) Co., Ltd. (華普天健會計師事務所(北京)有限公司).</p> <p>Mr. XIAO Houfa obtained a bachelor's degree in accounting from Shanghai University of Finance and Economics in July 1988. He has received the title of senior accountant and is a certified public accountant.</p>

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Name	Major work experience
<p>XIONG Wei (熊偉)</p>	<p>Mr. XIONG served as an independent non-executive Director of the Company from August 2017 to January 2024. He has been teaching at Princeton University since July 2000 and has been serving as professor of economics since July 2007, Trumbull-Adams Professor of Finance since July 2014, academic advisor at Hong Kong Institute for Monetary and Financial Research since July 2012, academic dean of the School of Economics and Management at The Chinese University of Hong Kong, Shenzhen since June 2015, and dean of Shenzhen Finance Institute, CUHK(SZ) since January 2016. He was a visiting professor of the Faculty of Economics at the University of Cambridge from September 2021 to August 2022.</p> <p>Mr. XIONG Wei obtained a bachelor's degree in physics from the University of Science and Technology of China, a master's degree in physics from Columbia University in the United States and a doctoral degree in finance from Duke University in the United States in July 1993, May 1995 and May 2001, respectively.</p>
<p>HU Honggao (胡鴻高)</p>	<p>Mr. HU served as an independent non-executive Director of the Company from July 2017 to January 2024. He has been a professor of law and doctoral advisor at Fudan University since January 2008, and an independent director of Shenzhen Pacific Union Precision Manufacturing Company Ltd. (深圳市泛海統聯精密製造股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 688210) since April 2020. He served as an independent director of Shanghai Tofflon Science and Technology Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 300171) from March 2014 to February 2020, an independent director of Perfect Group Corp., Ltd. (倍加潔集團股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 603059) from June 2016 to September 2022, an independent director of Shanghai Amarsoft Information &amp; Technology Co., Ltd. (上海安碩信息技術股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300380) from March 2017 to March 2023, and an independent director of Shanghai China Fortune Co., Ltd. (上海華鑫股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600621) from May 2017 to May 2023. He was the head of faculty of law and vice dean of Fudan Law School at Fudan University.</p> <p>Mr. HU Honggao obtained a bachelor's degree in law from Peking University in July 1983.</p>

Name	Major work experience
ZHOU Linda Lei (周語菡)	<p>Ms. ZHOU served as the chairman of the Supervisory Committee of the Company from July 2014 to November 2023. She successively served as a supervisor and the chairman (since May 2020) of the supervisory committee of China Merchants Fund Management Co., Ltd. from April 2020 to December 2023. She was a supervisor of Industrial Bank Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601166), an independent director of Jiangxi Selon Industrial Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002748), an independent director of China Merchants Fund, the managing director of China Merchants China Investment Management Limited, and an executive director of China Merchants China Direct Investments Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00133).</p> <p>Ms. ZHOU Linda Lei obtained a bachelor's degree in economics majoring in finance and accounting from Renmin University of China and a master's degree in business administration from Sonoma State University of the California State University in July 1989 and January 1993, respectively.</p>
XU Xin (徐鑫)	<p>Mr. XU served as a Supervisor of the Company from January 2023 to July 2023. He has served as the chief financial officer of Liaoning Port Group Limited (遼寧港口集團有限公司) since March 2023, and a director of Liaoning Port Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601880) since June 2023. He has served as a director and general manager of Shenzhen China Merchants Ping An Asset Management Co., Ltd. (深圳市招商平安資產管理有限責任公司) since June 2022. He was the deputy general manager (and chief financial officer) of China Merchants Financial Holdings Co., Ltd. from September 2022 to March 2023, a director of China Great Wall Securities Co., Ltd. (長城證券股份有限公司) (listed on the SZSE, stock code: 002939) from August 2017 to October 2020, a supervisor of China Merchants Capital Co., Ltd. (招商局資本投資有限責任公司) from December 2018 to March 2020, a director of China Merchants Innovation Investment Management Co., Ltd. (招商局創新投資管理有限責任公司) from March 2020 to October 2021, a standing member of the Execution Committee of China Merchants Financial Services Business Unit from June 2018 to September 2022, a director of China Merchants Finance Investment Holdings Co., Ltd. from December 2017 to September 2022, and the chairman of the board of directors of Shenzhen Jisheng Investment Development Co., Ltd. (深圳市集盛投資發展有限公司) from December 2017 to June 2023. He also served as the international credit manager of China Merchants Bank Co., Ltd. (Shenzhen Branch), the deputy financial planning officer, financial planning officer, assistant to general manager, assistant to section head and director of the capital division of China Merchants Group Limited, the deputy general manager of China Merchants International Finance Company Limited, the deputy officer of the finance department of China Merchants Group, and the chief financial officer of China Merchants Finance Holdings Co., Ltd.</p> <p>Mr. XU Xin graduated with a doctoral degree in management majoring in finance from Renmin University of China in December 2018.</p>

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Name	Major work experience
<p>ZHANG Zhen (張震)</p>	<p>Mr. ZHANG served as a Supervisor of the Company from October 2020 to April 2023. He also served as the general manager of the financial capital department of China Communications Construction Company Ltd. (中國交通建設股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601800; a company listed on the Hong Kong Stock Exchange, stock code: 01800) from January 2020 to September 2022. He has served as a director of China Road &amp; Bridge Corporation (中國路橋工程有限責任公司) since January 2023, and a director of Southwest Municipal Engineering Design &amp; Research Institute (Group) of China (中國市政工程西南設計研究總院有限公司) since February 2023. He was a supervisor of Jiang Tai Insurance Brokers Co., Ltd. (江泰保險經紀股份有限公司) from May 2020 to July 2022, the deputy general manager (person-in-charge) of the financial capital department of China Communications Construction Company Ltd. (中國交通建設股份有限公司) from December 2019 to January 2020, and the vice chairman of the board of directors of Jiang Tai Insurance Brokers Co., Ltd. (江泰保險經紀股份有限公司) from July 2022 to May 2023. He served as an auditor of audit division, the chief finance manager of Zaire O-W Project, the manager of finance division in charge of reporting accounts, the chief accountant of Science Research Institute, the chief of finance division, and the deputy chief accountant of CCCC First Highway Engineering Bureau Co., Ltd. (中交第一公路工程局有限公司), and a director and the chief accountant of CCCC First Highway Engineering Group Co., Ltd. (中交一公局集團有限公司) (formerly known as CCCC First Highway Engineering Bureau Co., Ltd. (中交第一公路工程局有限公司)).</p> <p>Mr. ZHANG Zhen obtained a bachelor's degree in engineering finance and accounting from Changsha Transportation College Faculty of Management in July 1985, and was awarded with professional qualification of senior accountant from the Professional Skill and Qualification Assessment Committee of Ministry of Transportation in August 1997.</p>
<p>HE Min (何敏)</p>	<p>Ms. HE served as an employee representative Supervisor of the Company from July 2009 to January 2024. She has served as the general manager of our Capital Management Department since March 2022. She was the chairman of the supervisory committee of Bosera Asset Management Co., Limited from April 2019 to September 2022, a director of China Merchants Securities Asset Management Co., Ltd. from July 2019 to June 2022, a director of China Merchants Futures Co., Ltd. from May 2019 to April 2022, and a director of China Merchants Zhiyuan Capital Investment Co., Ltd. from May 2019 to March 2022. She served as the deputy general manager of our Finance Department from April 2009 to February 2019, and the general manager of our Finance Department from February 2019 to March 2022. She also served as the assistant to general manager of the Finance Department of the Company.</p> <p>Ms. HE Min obtained a bachelor's degree in economics majoring in accounting and a master's degree in management majoring in accounting, both from Zhongnan University of Economics and Law (formerly known as Zhongnan University of Finance and Economics), in July 1996 and June 1999, respectively. She was granted the qualification of Certified Public Accountant in October 1999 by the Chinese Institute of Certified Public Accountants.</p>

Name	Major work experience
SHEN Weihua (沈衛華)	<p>Ms. SHEN was an employee representative Supervisor of the Company from October 2020 to March 2023. She has served as the general manager of CMS Zhiyuan Capital since February 2023. She was the general manager of our Audit Department from March 2020 to February 2023. She also served as an independent director of RAYITEK HI-TECH Film Company Ltd., Shenzhen (深圳瑞華泰薄膜科技股份有限公司) (a company listed on the SSE, stock code: 688323) from May 2020 to April 2022, an independent director of Shenzhen New Industries Biomedical Engineering Co., Ltd. (深圳市新產業生物醫學工程股份有限公司) (a company listed on the SZSE, stock code: 300832) from June 2020 to May 2022, and a vice president of ZTF Securities Limited (中天國富證券有限責任公司) from July 2017 to April 2019. She once worked in Shenzhen Zhongshen Certified Accounting Firm (深圳中審會計師事務所), and was an auditing manager of Shenzhen Pengcheng Certified Public Accounting Firm (深圳鵬程會計師事務所), an internal auditing general manager of our Investment Banking Department, the general manager of China Merchants Zhiyuan Capital Investment Co., Ltd., and the managing director of ZTF Securities Limited.</p> <p>Ms. SHEN Weihua obtained a bachelor's degree in economics and a master's degree in History of Foreign Economic Thoughts from the Economics and Management School of Wuhan University in July 1993 and July 1997, respectively.</p>
WU Huifeng (吳慧峰)	<p>Mr. WU served as a vice president of the Company from November 2018 to April 2023, the Secretary to the Board from December 2014 to April 2023, the Joint Company Secretary from October 2016 to April 2023 and the authorized representative under Rule 3.05 of the Hong Kong Listing Rules of the Company from May 2017 to April 2023. He has served as the deputy general manager and chief financial officer of Bosera Funds since April 2023. He served as the head of the settlement center of China Nanshan Development (Group) Co., Ltd., deputy manager of the finance department of Shanghai Nanshan Real Estate Development Co., Ltd. (上海南山房地產開發有限公司) (formerly known as Shanghai Chengnan Real Estate Development Company (上海誠南房地產開發公司)), and general manager of the finance and audit department, general manager of the human resources department, assistant to general manager, and deputy general manager of China Merchants Finance Holdings Co., Ltd. He also worked as the Director, Supervisor, co-general manager of the Board office and assistant to president of the Company.</p> <p>Mr. WU Huifeng obtained a bachelor's degree in economics majoring in accounting from the Shanghai University of Finance and Economics and a master's degree in economics majoring in finance from Peking University in June 1996 and January 2012, respectively. Mr. WU was granted the qualification of accountant in May 1998 by the Ministry of Finance of the PRC.</p>

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Name	Major work experience
<p>HU Yu (胡宇)</p>	<p>Mr. HU served as the chief compliance officer and chief risk officer of the Company from December 2018 to February 2024. He was a teacher in Xishan Middle School (西山中學), teacher of the foreign language teaching and research office of Jiangxi Medical College, deputy principal staff member of Department of Policy and Regulations, the principal staff member of Department of Intermediary Supervision, the deputy director and director of office of the Party Committee as well as the director of No.1 Inspection Office of Shenzhen Bureau of the CSRC, a member of Party Committee and the secretary of Disciplinary Committee of Hainan Bureau of the CSRC, the deputy head of capital operation department of China Merchants Group, and a member of Party Committee and the secretary of Disciplinary Committee of Guangdong Bureau of the CSRC.</p> <p>Mr. HU Yu obtained a Bachelor of Arts degree from Jiangxi Normal University (江西師範大學) and a Master's degree in Finance from Graduate School of People's Bank of China in July 1989 and July 1996, respectively.</p>

### (II) Positions of incumbent Directors, Supervisors and senior management and those resigned during the Reporting Period

#### 1. Positions in shareholders

Name	Name of shareholder	Position	Date of appointment	Date of termination
ZHANG Jian (張健)	China Merchants Financial Holdings Co., Ltd.	Deputy general manager, person-in-charge of risk management	September 2022	to date
MA Boyin (馬伯寅)	China Merchants Financial Holdings Co., Ltd.	Deputy general manager, chief compliance officer (and compliance officer), the secretary of Disciplinary Committee	September 2022	to date
DING Lusha (丁璐莎)	PICC Life Insurance Company Limited	General manager of the investment business department	November 2023	to date
	PICC Life Insurance Company Limited	Deputy general manager of the investment business department	January 2023	November 2023
ZHU Eric Liwei (朱立偉)	China Merchants Financial Holdings Co., Ltd.	Deputy general manager	September 2022	to date

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Name	Name of shareholder	Position	Date of appointment	Date of termination
WANG Zhangwei (王章為)	China Merchants Financial Holdings Co., Ltd.	Chief audit officer	September 2022	to date
	Shenzhen Jisheng Investment Development Co., Ltd.	Director	November 2014	to date
SU Min (蘇敏)	China Merchants Financial Holdings Co., Ltd.	Deputy general manager	September 2022	February 2023
XU Xin (徐鑫)	China Merchants Financial Holdings Co., Ltd.	Deputy general manager (and chief financial officer)	September 2022	March 2023
	Shenzhen Jisheng Investment Development Co., Ltd.	Chairman of the board of directors	December 2017	June 2023
Description of positions in shareholders		Nil		



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### 2. Positions in other companies

Name	Name of company	Position	Date of appointment	Date of termination
ZHANG Jian (張健)	China Merchants Group Limited	Chief digital officer	January 2019	to date
		Director of digital center	May 2019	to date
	China Merchants Bank Co., Ltd.	Director	November 2016	to date
	China Merchants Finance Holdings Co., Ltd.	Director	September 2015	to date
	China Merchants Capital Investment Co., Ltd.	Vice chairman of the board of directors	April 2023	to date
	China Merchants Financial Leasing Co., Ltd. (formerly known as China Merchants Commerce Financial Leasing Co., Ltd.)	Chairman of the board of directors	January 2021	to date
	China Merchants Venture Capital Management Co., Ltd.	Director	December 2018	to date
	China Merchants Financial Technology Co., Ltd.	Chairman of the board of directors	November 2017	to date
	Four Rivers Private Fund Management Co., Ltd.	Director	September 2017	to date

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Name	Name of company	Position	Date of appointment	Date of termination
DENG Weidong (鄧偉棟)		Chief Strategy Officer	August 2022	to date
	China Merchants Group Limited	Head of the Strategic Development Department/ Technological Innovation Department	August 2021	to date
	China Merchants Innovation & Technology (Group) Co., Ltd. (招商局創新科技(集團)有限公司)	Director and general manager	March 2024	to date
	China Merchants Energy Shipping Co., Ltd.	Director	April 2019	to date
		Vice chairman of the board of directors	July 2023	to date
	China Merchants Taiping Bay Development Investment Co., Ltd.	Director	April 2020	to date
	China International Marine Containers (Group) Co., Ltd.	Director	October 2020	to date
	Chongqing Globebill Crossborder Technology Co., Ltd.	Director	April 2014	February 2024
	Sinotrans Limited	Director	November 2021	March 2024

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Name	Name of company	Position	Date of appointment	Date of termination
LIU Weiwu (劉威武)	China Merchants Group Limited	Head of the finance department (property rights department)	December 2020	to date
	AviChina Industry & Technology Company Limited	Independent Director	June 2018	to date
	China Merchants International Finance Company Limited	Director	March 2021	to date
	Liaoning Port Group Limited	Director	March 2021	to date
	China Merchants Sharing Services Co., Ltd.	Executive Director	April 2021	to date
	China Merchants Life Insurance Company Limited	Director	June 2021	to date
	China Merchants Union (BVI) Limited	Director	October 2021	to date
		Chairman of the board of directors	June 2023	to date
	China Merchants Expressway Network & Technology Holdings Co., Ltd.	Director	April 2021	January 2023
	China Merchants Port Group Co., Ltd.	Director	May 2021	January 2024

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Name	Name of company	Position	Date of appointment	Date of termination
LI Xiaofei (李曉霏)	China Merchants Group Limited	Deputy officer of the human resources department	December 2021	to date
	China Merchants Investment Development Company Limited	Director	September 2022	to date
	China Merchants Hoi Tung Trading Company Limited	Director	September 2022	to date
	China Great Wall Securities Co., Ltd.	Supervisor	July 2015	June 2023
MA Boyin (馬伯寅)	China Merchants Financial Holdings (Hong Kong) Company Limited	Director	December 2022	to date
	Bosera Asset Management Co., Limited	Director	August 2023	to date
	China Great Wall Securities Co., Ltd.	Supervisor	June 2023	to date
HUANG Jian (黃堅)	China COSCO Shipping Corporation Limited	General manager of the capital operation department	September 2016	to date
	COSCO SHIPPING Development Co., Ltd.	Non-executive Director	June 2016	to date
	Lanhai Medical Investment Co., Ltd.	Director	May 2017	to date
	COSCO SHIPPING Captive Insurance Co., Ltd.	Director	August 2017	to date
	SAIC Motor Corporation Limited	Director	June 2023	to date

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Name	Name of company	Position	Date of appointment	Date of termination
ZHANG Mingwen (張銘文)	COSCO SHIPPING Development Co., Ltd.	Executive Director and general manager (acting as the chairman of the board of directors since November 2023)	June 2022	to date
	COSCO Shipping (Shanghai) Investment Management Co., Ltd.	Director and general manager	December 2022	to date
DING Lusha (丁璐莎)	China Securities Credit Investment Co., Ltd.	Supervisor	June 2020	to date
	PICC Health & Senior Care Management (Guangzhou) Co., Ltd.	Supervisor	July 2023	to date
	PICC Financial Services Company Limited	Director	September 2023	to date
	PICC Pension Company Limited	Level II senior expert of the investment business department	October 2022	January 2023
XIANG Hua (向華)	CONNECT WEALTH INVESTMENT LIMITED	Director	October 2021	to date
	NeoSpective Capital Limited	Director	October 2021	to date
	Digital Finance Group Limited (數字金融集團有限公司)	Non-executive Director	February 2024	to date
YIP, Ying Chi Benjamin (葉熒志)	IR Sensor Technology Limited	Director	September 2019	to date
	BN Capital Management Limited (奔富資本管理有限公司)	Director	February 2024	to date
	Alex KY Wong Asset Management Company Limited	Director and responsible officer	February 2020	February 2024

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Name	Name of company	Position	Date of appointment	Date of termination
ZHANG Ruijun (張瑞君)	Beijing Universal Pioneering Technology Co., Ltd.	Executive Director	June 2012	to date
	Inspur Digital Enterprise Technology Limited	Independent non-executive Director	April 2014	to date
	Y&R Capital Management (Beijing) Co., Ltd.	Partner and the chief executive officer	July 2015	to date
	UML-TECH Co., Ltd.	Director	January 2016	to date
	Beijing Dawei Laser Technology Co., Ltd.	Director	July 2016	to date
	Beijing Duodian Online Technology Co., Ltd.	Director	November 2016	to date
	Nuosikai Technology (Beijing) Co., Ltd.	Director	September 2020	to date
	Hainan Ruijing Investment Co., Ltd.	General manager	March 2021	to date
	Suzhou Racosensor Technology Co., Ltd.	Director	April 2021	to date
	Beijing X-Magtech Technologies Co., Ltd.	Director	May 2021	to date
Tinavi Medical Technologies Co., Ltd.	Independent Director	September 2023	to date	

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Name	Name of company	Position	Date of appointment	Date of termination
CAO Xiao (曹嘯)	Shanghai University of Finance and Economics	Director of the Quantitative Finance Research Center	June 2015	to date
		Researcher of the Shanghai Institute of International Finance Center	June 2017	to date
		Researcher of the Shanghai Institute of International Finance and Economics	October 2018	to date
		Dean of the Institute of Pan-Yangtze River Delta Transaction Bank and Industry Chain Finance	November 2018	to date
		Professor at the School of Finance	June 2021	to date
		Associate dean of the School of Finance	October 2023	to date
		Assistant to the dean of the School of Finance	October 2014	October 2023
		Huaan Securities Co., Ltd.	Independent Director	December 2020
FENG Jinhua (豐金華)	CIMC Vehicles (Group) Co., Ltd.	Independent non-executive Director	June 2019	to date

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Name	Name of company	Position	Date of appointment	Date of termination
ZHU Eric Liwei (朱立偉)	Yintong Qianhai Financial Asset Exchange	Chairman of the board of directors	September 2019	to date
	China Merchants Financial Leasing Co., Ltd.	Supervisor	June 2016	to date
	CM Houlder Insurance Brokers Limited	Chairman of the board of directors	March 2022	to date
	CMB Wing Lung Insurance Company Limited	Director	December 2023	to date
	China Merchants Group Finance Co., Ltd.	Director	June 2018	January 2023
WANG Zhangwei (王章為)	Shenzhen Yan Qing Investment and Development Co., Ltd.	Director	November 2014	to date
	Shenzhen Chu Yuan Investment and Development Co., Ltd.	Director	November 2014	to date
	Shenzhen New Jiangnan Investment Co., Ltd.	Director	June 2015	to date
	China Merchants Financial Leasing Co., Ltd. (formerly known as China Merchants Commerce Financial Leasing Co., Ltd.)	Supervisor	July 2017	to date
	China Merchants Financial Technology Co., Ltd.	Supervisor	November 2017	to date
	China Great Wall Securities Co., Ltd.	Director	June 2023	to date



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Name	Name of company	Position	Date of appointment	Date of termination
MA Yunchun (馬蘊春)	Yuanhang Minghua (Shanghai) Private Equity Fund Management Co., Ltd. (遠航明華(上海)私募基 金管理有限公司)	Director	December 2016	to date
	Hebei Port Group (Tianjin) Investment Management Co., Ltd.	Chairman of the board of directors	October 2020	to date
	Hebei Financial Investment Guarantee Group Co., Ltd.	Vice chairman of the board of directors	July 2021	to date
	ZJMI Environmental Energy Co., Ltd.	Director	May 2022	to date
PENG Luqiang (彭陸強)	China Communications Construction Company Limited	Deputy chief accountant	November 2023	to date
		General manager of the finance and fund department	September 2022	June 2023
	China Communications Construction Group (Limited)	Deputy chief accountant	September 2023	to date
		General manager of the finance and fund department	July 2023	to date
Jiang Tai Insurance Brokers Co., Ltd.	Vice chairman of the board of directors	May 2023	to date	
ZOU Qun (鄒群)	Shenzhen Huaqiang Dingxin Investment Co., Ltd.	General manager	March 2021	to date
	Guangdong Huaqiang Property Co., Ltd.	Director	January 2015	to date
		Director	January 2008	to date

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Name	Name of company	Position	Date of appointment	Date of termination
WANG Jianping (王劍平)	China Merchants Zhiyuan Capital Investment Co., Ltd.	Director	March 2022	March 2023
	Bosera Asset Management Co., Limited	Chairman of the Supervisory Committee	August 2022	August 2023
XIONG Kai (熊開)	China Merchants Bank Co., Ltd.	Secretary of the Discipline Inspection Commission	July 2021	July 2023
LIU Jie (劉傑)	China Merchants Fund Management Co., Ltd.	Chairman of the Supervisory Committee	December 2023	to date
	China Merchants Financial Leasing Co., Ltd.	Director	June 2016	March 2023
	China Merchants Life Insurance Company Limited	Deputy general manager and CFO (chief financial officer)	September 2017	March 2023
	China Merchants RenHe Elderly Care Investment Limited	Director	April 2019	March 2023
	China Merchants Renhe Houde Medical Management (Shenzhen) Co., Ltd. (招商局仁和厚德醫療管理(深圳)有限公司)	Director	January 2020	March 2023
ZHAO Bin (趙斌)	China Merchants Securities International Company Limited	Chairman of the board of directors	January 2022	May 2023

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Name	Name of company	Position	Date of appointment	Date of termination
LIU Rui (劉銳)	China Merchants Securities (HK) Co., Limited	Director	July 2023	to date
	China Merchants Futures (HK) Co., Limited	Director	July 2023	to date
	CMS Capital (HK) Co., Limited	Director	July 2023	to date
	CMS Asset Management (HK) Co., Limited	Director	July 2023	to date
	China Merchants Securities International Company Limited	Chairman of the board of directors	June 2023	to date
		Chief executive officer	June 2023	October 2023
	China Merchants Zhiyuan Capital Investment Co., Ltd.	Executive Director	April 2023	to date
		Chairman of the board of directors	January 2022	April 2023
	China Merchants Futures Co., Limited	Chairman of the board of directors	July 2022	to date
	Chizhou Zhong'an China Merchants Equity Investment Management Co., Ltd. (池州中安招商股權投資管理有限公司)	Chairman of the board of directors	June 2022	to date
	Anhui Traffic Control China Merchants Fund Management Co., Ltd. (安徽交控招商私募基金管理有限公司)	Chairman of the board of directors	April 2022	to date
	State-owned Enterprise Structural Adjustment Fund Phase II Co., Ltd. (國有企業結構調整基金二期股份有限公司)	Supervisor	August 2022	to date
	Guangdong Equity Exchange Center Co., Ltd.	Director	June 2018	to date

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Name	Name of company	Position	Date of appointment	Date of termination
ZHANG Xing (張興)	China Merchants Futures Co., Limited	Supervisor	March 2008	to date
	China Merchants Securities Investment Co., Ltd.	Chief Risk Officer	September 2017	to date
	China Merchants Securities International Company Limited	Director	January 2019	to date
		Person-in-charge of risk management	April 2020	to date
	China Merchants Securities Asset Management Co., Ltd.	Director	July 2015	to date
	China Merchants Zhiyuan Capital Investment Co., Ltd.	Chief Risk Officer	September 2020	to date
SU Min (蘇敏)	China Merchants Finance Holdings Co., Ltd.	Director	May 2019	March 2023
		Director	December 2015	March 2023
	China Merchants Bank Co., Ltd.	Non-executive Director	September 2014	March 2023
	Bosera Asset Management Co., Limited	Director	September 2018	March 2023
PENG Lei (彭磊)	China Great Wall Securities Co., Ltd.	Director	October 2020	March 2023
	Shenzhen Merchants Ping An Asset Management Co., Ltd.	Deputy general manager	July 2021	to date
	China Great Wall Securities Co., Ltd.	Director	June 2011	April 2023

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Name	Name of company	Position	Date of appointment	Date of termination
GAO Hong (高宏)	China Merchants Life Insurance Company Limited	Deputy general manager and chief digital officer (CDO)	February 2017	to date
	Ninetech Information Technology (Shenzhen) Co., Ltd.	Chairman of the board of directors	November 2020	to date
	China Merchants Financial Technology Co., Ltd.	Director General manager	November 2017 November 2017	to date March 2023
LIU Chong (劉沖)	COSCO SHIPPING Development Co., Ltd.	Executive Director	June 2016	November 2023
		Chairman of the board of directors	June 2022	November 2023
	COSCO SHIPPING Investment Holdings Co., Limited	Director	July 2016	November 2023
		Chairman of the board of directors	June 2022	November 2023
	Haifa Baocheng Financial Leasing Co., Ltd.	Chairman of the board of directors	July 2016	November 2023
	China Cinda Asset Management Co., Ltd.	Non-executive Director	August 2017	November 2023
	China Everbright Bank Company Limited	Non-executive Director	December 2019	November 2023
	COSCO SHIPPING Development (Hong Kong) Co., Limited and COSCO Shipping Development (Asia) Co., Ltd.	Director	July 2016	November 2023
Chairman of the board of directors		May 2022	November 2023	
WANG Wen (王文)	PICC Pension Company Limited	Vice president	March 2023	to date
	China-US Insurance Advisory Co., Ltd.	Chairman of the board of directors	May 2017	April 2023
	PICC Life Insurance Company Limited	Vice president	July 2017	April 2023

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Name	Name of company	Position	Date of appointment	Date of termination
XIAO Houfa (肖厚發)	RSM China (special general partnership)	Principal partner	January 2014	to date
	Jingfu Cardiovascular Hospital (Xuzhou) Co., Ltd.	Director	November 2019	to date
XIONG Wei (熊偉)	Princeton University	Professor of Economics	July 2007	to date
		Trumbull-Adams Professor of Finance	July 2014	to date
	Hong Kong Institute for Monetary and Financial Research	Academic advisor	July 2012	to date
	School of Economics and Management at The Chinese University of Hong Kong, Shenzhen	Academic dean	June 2015	to date
	Shenzhen Finance Institute, CUHK(SZ)	Dean	January 2016	to date
HU Honggao (胡鴻高)	Fudan University	Professor of law and doctoral advisor	January 2008	to date
	Shenzhen Pacific Union Precision Manufacturing Company Ltd.	Independent Director	April 2020	to date
	Shanghai Amarsoft Information & Technology Co., Ltd.	Independent Director	March 2017	March 2023
	Shanghai China Fortune Co., Ltd.	Independent Director	May 2017	May 2023
ZHOU Linda Lei (周語茵)	China Merchants Fund Management Co., Ltd.	Supervisor	April 2020	December 2023
		Chairlady of the Supervisory Committee	May 2020	December 2023

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Name	Name of company	Position	Date of appointment	Date of termination
XU Xin (徐鑫)	Liaoning Port Group Limited	Chief financial officer	March 2023	to date
	Liaoning Port Co., Ltd.	Director	June 2023	to date
	China Merchants Ping An Asset Management Co., Ltd.	Director and general manager	June 2022	to date
	China Merchants Financial Holdings Co., Ltd.	Deputy general manager (and chief financial officer)	September 2022	March 2023
ZHANG Zhen (張震)	China Road & Bridge Corporation	Director	January 2023	to date
	Southwest Municipal Engineering Design & Research Institute (Group) of China	Director	February 2023	to date
	Jiang Tai Insurance Brokers Co., Ltd.	Vice chairman of the board of directors	July 2022	May 2023
SHEN Weihua (沈衛華)	China Merchants Zhiyuan Capital Investment Co., Ltd.	General manager	February 2023	to date
WU Huifeng (吳慧峰)	Bosera Asset Management Co., Limited	Deputy general manager and chief financial officer	April 2023	to date
Description of positions in other companies		Nil		

### (III) Remuneration of Directors, Supervisors and senior management

Decision-making procedures of remuneration of Directors, Supervisors and senior management	Non-executive Directors and external Supervisors of the Company shall not collect remuneration from the Company, and independent non-executive Directors shall receive the allowance of independent Directors according to the resolutions of the Company's shareholders' general meeting. The Remuneration and Appraisal Committee under the Board considers and reviews the remuneration policy, standard and proposal for the Directors, chairman of the Supervisory Committee and senior management who worked full-time for the Company, and makes recommendations to the Board on the formulation of official and transparent procedures for determining the remuneration policy. Remuneration of the Directors, chairman of the Supervisory Committee and senior management who worked full-time for the Company shall be considered and determined by the Remuneration and Appraisal Committee under the Board.
Whether a director recuses himself/herself from the Board's discussion of his/her own emoluments	No
Specific circumstances in which the Remuneration and Appraisal Committee or the special meeting of independent Directors issued recommendations on the remuneration of Directors, Supervisors and senior management	Nil
Basis for determination of remuneration of Directors, Supervisors and senior management	Remuneration of the Directors, chairman of the Supervisory Committee and senior management who worked full-time for the Company shall be determined by the Remuneration and Appraisal Committee under the Board with reference to the principal duties of relevant managerial positions, the results of performance assessment as well as the remuneration level in the market, according to the Company's Scheme of Management Methods of the Remuneration of Senior Management.



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Remuneration paid to Directors, Supervisors and senior management	<p>During the Reporting Period, the total amount of actual remunerations before tax attributable to 2023 for Directors, Supervisors and senior management amounted to RMB25.186 million.</p> <p>In addition, during the Reporting Period, the total amount of deferred remunerations before tax attributable to 2020-2022 for Supervisors who worked full-time for the Company amounted to RMB0.2308 million (HE Min) and RMB0.1921 million (CHEN Jun), respectively.</p> <p>In addition to the annual remuneration determined according to the Company's Scheme of Management Methods of the Remuneration of Senior Management, the Company implemented the Retention Plan for the Grant of Mid- to Long-term Cash Incentives for Key Employees upon the approval of the Remuneration and Appraisal Committee under the Board in 2020. Pursuant to which, the incentives for key employees shall be confirmed and granted in instalments based on the results of performance appraisals of the Company and individuals. During the Reporting Period, the incentives before tax granted for 2021 amounted to RMB0.9407 million (HUO Da), RMB0.7598 million (ZHOU Linda Lei), RMB0.7236 million (ZHAO Bin), RMB0.7236 million (HU Yu), RMB0.7236 million (WU Huifeng), RMB0.3654 million (YIN Hongyan), RMB0.1818 million (HE Min) and RMB0.1818 million (CHEN Jun), respectively, all of which are dominated in RMB.</p>
Aggregate remuneration actually paid to all the Directors, Supervisors and senior management as of the end of the Reporting Period	Remunerations before tax received by Directors, Supervisors and senior management from the Company during the Reporting Period totaled to RMB30.2092 million.

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## (IV) Changes in Directors, Supervisors and senior management

Name	Position	Change	Date of Change	Reason
PENG Lei (彭磊)	Non-executive Director	Resigned	January 12, 2023	Resigned due to change in work arrangement
LI Xiaofei (李曉霏)	Shareholder representative Supervisor	Resigned	January 12, 2023	Resigned due to change in work arrangement
	Non-executive Director	Elected	January 12, 2023	Elected at the shareholders' general meeting
XU Xin (徐鑫)	Shareholder representative Supervisor	Elected	January 12, 2023	Elected at the shareholders' general meeting
SHEN Weihua (沈衛華)	Employee representative Supervisor	Resigned	March 9, 2023	Resigned due to change in work arrangement and continued to perform her duties until the election of a new employee representative Supervisor at the employee representatives' meeting
CHEN Jun (陳鋆)	Employee representative Supervisor	Elected	March 9, 2023	Elected at the employee representatives' meeting
SU Min (蘇敏)	Non-executive Director	Resigned	March 31, 2023	Resigned due to reaching the retirement age
ZHANG Zhen (張震)	Shareholder representative Supervisor	Resigned	April 14, 2023	Resigned due to change in work arrangement
WU Huifeng (吳慧峰)	Vice President, Secretary to the Board, Joint Company Secretary and Authorized Representative of the Hong Kong Stock Exchange	Resigned	April 21, 2023	Resigned due to change in work arrangement
LIU Jie (劉傑)	Vice President (chief financial officer), Joint Company Secretary and Authorized Representative of the Hong Kong Stock Exchange	Appointed	April 21, 2023	Appointed by the Board
	Secretary to the Board	Appointed	August 29, 2023	Appointed by the Board

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Name	Position	Change	Date of Change	Reason
WANG Wen (王文)	Non-executive Director	Resigned	May 19, 2023	Resigned due to change in work arrangement
DING Lusha (丁璐莎)	Non-executive Director	Elected	June 30, 2023	Elected at the shareholders' general meeting
PENG Luqiang (彭陸強)	Shareholder representative Supervisor	Elected	June 30, 2023	Elected at the shareholders' general meeting
XU Xin (徐鑫)	Shareholder representative Supervisor	Resigned	July 28, 2023	Resigned due to change in work arrangement
GAO Hong (高宏)	Non-executive Director	Resigned	August 11, 2023	Resigned due to change in work arrangement
LIU Rui (劉銳)	Vice President	Appointed	August 21, 2023	Appointed by the Board
ZHANG Jian (張健)	Non-executive Director	Elected	August 25, 2023	Elected at the shareholders' general meeting
ZHU Eric Liwei (朱立偉)	Shareholder representative Supervisor	Elected	August 25, 2023	Elected at the shareholders' general meeting
XIONG Kai (熊開)	Vice President	Appointed	August 29, 2023	Appointed by the Board
ZHOU Linda Lei (周語茵)	Chairman of the Supervisory Committee	Resigned	November 2, 2023	Resigned due to reaching the retirement age
LIU Chong (劉冲)	Non-executive Director	Resigned	November 20, 2023	Resigned due to personal reasons
XIAO Houfa (肖厚發)	Independent non-executive Director	Resigned	January 18, 2024	Resigned due to the expiry of the term of office of the Board
XIONG Wei (熊偉)	Independent non-executive Director	Resigned	January 18, 2024	Resigned due to the expiry of the term of office of the Board
HU Honggao (胡鴻高)	Independent non-executive Director	Resigned	January 18, 2024	Resigned due to the expiry of the term of office of the Board
HE Min (何敏)	Employee representative Supervisor	Resigned	January 18, 2024	Resigned due to the expiry of the term of office of the Supervisory Committee

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Name	Position	Change	Date of Change	Reason
MA Boyin (馬伯寅)	Non-executive Director	Elected	January 18, 2024	Elected at the shareholders' general meeting
ZHANG Mingwen (張銘文)	Non-executive Director	Elected	January 18, 2024	Elected at the shareholders' general meeting
YIP, Ying Chi Benjamin (葉熒志)	Independent non-executive Director	Elected	January 18, 2024	Elected at the shareholders' general meeting
ZHANG Ruijun (張瑞君)	Independent non-executive Director	Elected	January 18, 2024	Elected at the shareholders' general meeting
CAO Xiao (曹嘯)	Independent non-executive Director	Elected	January 18, 2024	Elected at the shareholders' general meeting
WANG Jianping (王劍平)	Employee representative Supervisor	Elected	January 18, 2024	Elected at the employee representatives' meeting and effective from the date of the general election of the Supervisory Committee
HU Yu (胡宇)	Chief Risk Officer	Resigned	February 26, 2024	Resigned due to retirement
	Chief Compliance Officer	Resigned	March 1, 2024	
ZHANG Xing (張興)	Chief Compliance Officer	Appointed	March 4, 2024	Appointed by the Board and received the No Objection Letter from the regulatory authority
	Chief Risk Officer	Appointed	February 26, 2024	Appointed by the Board

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During the Reporting Period, a total of eleven Directors, Supervisors and senior management of the Company resigned, accounting for 39.29% of the total number of Directors, Supervisors and senior management as at the beginning of the Reporting Period.

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

For details, please refer to the relevant announcements published by the Company on the Hong Kong Stock Exchange website on January 12, February 17, March 9, March 31, April 14, April 21, May 19, May 28, June 30, July 28, August 11, August 21, August 25, August 29, November 2, November 21, November 22, December 27, 2023 and January 18, January 22, February 1, February 26, March 5, 2024.

### **(V) Major changes in respect of the information of Directors and Supervisors**

For details of the changes in appointment of Directors and Supervisors from the beginning of the Reporting Period to the Latest Practicable Date, please see “Positions of incumbent Directors, Supervisors and senior management and those resigned during the Reporting Period” and “Changes in Directors, Supervisors and senior management” in this chapter.

Save as disclosed above, as of the Latest Practicable Date, there was no other material change in relation to the Directors and Supervisors that is required to be disclosed under Rule 13.51B of the Hong Kong Listing Rules.

## V. Convening of Board Meetings during the Reporting Period

Meeting	Date of Meeting	Resolutions
26th meeting of the seventh session of the Board	January 12, 2023	Considered and approved the resolution on the change of authorized representatives of the Company; resolution on the by-election of members of committees under the seventh session of the Board of the Company; and resolution on the re-appointment of senior management of the Company
27th meeting of the seventh session of the Board	February 13, 2023	Considered and approved the resolution on adjusting the person in charge of the internal audit department
28th meeting of the seventh session of the Board	March 24, 2023	Considered and approved the resolution on the working report of the Board of the Company for 2022; resolution on the work report of the Audit Committee under the Board for 2022; resolution on the operational report of the Company for 2022; resolution on the annual report of the Company for 2022; resolution on the final accounts report of the Company for 2022; resolution on the profit distribution plan of the Company for 2022; resolution on the 2022 Corporate Social Responsibility Report and Environmental, Social and Governance Report of the Company; resolution on the compliance report of the Company for 2022; resolution on the money laundering risk management report of the Company for 2022; resolution on the internal control assessment report of the Company for 2022; resolution on the internal control audit report of the Company for 2022; resolution on the internal audit report of the Company for 2022 and internal audit work plan of the Company for 2023; resolution on the financial budget report of the Company for 2023; resolution on the engagement of the auditors of the Company for 2023; resolution on the budget for the proprietary investment of the Company for 2023; resolution on the guarantee authorization scheme for the year 2023 of China Merchants Securities International Company Limited and its wholly-owned subsidiaries; resolution on the contemplated ordinary related party transactions of the Company for 2023; resolution on the general authorization of the Company's debt financing instruments; resolution on the grant of the general mandate to the Board to issue additional H Shares of the Company; and resolution on convening a shareholders' general meeting at an opportune time
29th meeting of the seventh session of the Board	April 21, 2023	Considered and approved the resolution on the appointment of Vice President (Chief Financial Officer) of the Company; and resolution on the appointment of joint company secretary of the Company and the change of authorized representatives and authorized person to the e-Submission System of the Hong Kong Stock Exchange

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Meeting	Date of Meeting	Resolutions
30th meeting of the seventh session of the Board	April 28, 2023	Considered and approved the resolution on the first quarterly report of the Company for 2023; and resolution on Information Technology Strategic Plan of the Company (2023-2025)
31st meeting of the seventh session of the Board	May 26, 2023	Considered and approved the resolution on the nomination of DING Lusha as a candidate for non-executive Director; and resolution on the election of the tentative convener of the Risk Management Committee of the Board of the Company
32nd meeting of the seventh session of the Board	June 20, 2023	Considered and approved the resolution on the establishment of Wuhan Technology Branch (武漢科技分公司)
33rd meeting of the seventh session of the Board	July 18, 2023	Considered and approved the resolution on the establishment of new branches of the Company; and resolution on the by-election of members of committees under the seventh session of the Board of the Company
34th meeting of the seventh session of the Board	August 1, 2023	Considered and approved the resolution on the nomination of ZHANG Jian as a candidate for non-executive Director; and resolution on convening a shareholders' general meeting at an opportune time
35th meeting of the seventh session of the Board	August 21, 2023	Considered and approved the resolution on the appointment of Mr. LIU Rui as a vice president of the Company; resolution on the related party transaction agreement between the Company and China Merchants Group Finance Co., Ltd.; resolution on the risk assessment report of China Merchants Group Finance Co., Ltd. for 2022; and resolution on the risk disposal plan for the financial business conducted by the Company with related finance companies
36th meeting of the seventh session of the Board	August 25, 2023	Considered and approved resolution on the by-election of members of committees under the seventh session of the Board of the Company
37th meeting of the seventh session of the Board	August 29, 2023	Considered and approved the resolution on the 2023 interim operational report of the Company; resolution on the 2023 interim report of the Company; resolution on the 2023 interim audit work report of the Company; resolution on the appointment of Mr. XIONG Kai as a vice president of the Company; and resolution on the appointment of Mr. LIU Jie as the secretary to the Board of the Company
38th meeting of the seventh session of the Board	October 26, 2023	Considered and approved the resolution on the third quarterly report of the Company for 2023

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Meeting	Date of Meeting	Resolutions
39th meeting of the seventh session of the Board	December 14, 2023	<p>Considered and approved the resolution on the proposed amendments to the Articles of Association of China Merchants Securities Co., Ltd.; resolution on the proposed amendments to the Rules of Procedure for General Meetings of China Merchants Securities Co., Ltd.; resolution on the proposed amendments to the Rules of Procedure for Board Meetings of China Merchants Securities Co., Ltd.; resolution on the proposed amendments to the Rules for Independent Directors of China Merchants Securities Co., Ltd.; resolution on the nomination of candidates for non-independent Directors of the eighth session of the board of directors of the Company; resolution on the nomination of candidates for independent Directors of the eighth session of the board of directors of the Company; resolution on convening a shareholders' general meeting at an opportune time; resolution on adjusting the annual caps under the 2022-2024 Administrative Procurement Framework Agreement between the Company and China Merchants Group Limited; resolution on the proposed amendments to part of the integrated competitiveness index in the Medium- to Long-term Development Strategy and 2019-2023 Development Plan of China Merchants Securities Co., Ltd.; resolution on the adjustment of Risk Appetite Statement of the Company; resolution on the third quarterly internal audit report of the Company for 2023; and resolution on the proposed amendments to the Internal Audit System of China Merchants Securities Co., Ltd.</p>
40th meeting of the seventh session of the Board	December 29, 2023	<p>Considered and approved the resolution on the proposed amendments to the Working Rules of the Audit Committee under the Board of China Merchants Securities Co., Ltd.; resolution on the proposed amendments to the Standards for the Work of the Secretary to the Board of China Merchants Securities Co., Ltd.; resolution on the proposed formulation of the System for Tracking, Implementation and Post-evaluation of the Board Resolution of China Merchants Securities Co., Ltd. (《招商證券股份有限公司董事會決議跟蹤落實及後評估制度》); and resolution on the proposed amendments to the Management Measures of Money Laundering and Terrorism Financing Risk</p>



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### VI. Duty Performance of Directors

#### (I) Attendance of Directors at Board meetings and shareholders' general meetings

Name of Director	Whether an independent Director	Attendance of Board meeting						Attendance of shareholders' general meeting
		Number of Board meetings requiring attendance	Attendance in person (times)	Attendance through correspondence (times)	Attendance by proxy (times)	Absence (times)	Whether not attending in person for two consecutive meetings	Attendance of shareholders' general meeting (times)
HUO Da (霍達)	No	15	15	8	0	0	No	3
ZHANG Jian (張健)	No	5	5	4	0	0	No	1
DENG Weidong (鄧偉棟)	No	15	15	15	0	0	No	3
LIU Weiwu (劉威武)	No	15	15	13	0	0	No	3
WU Zongmin (吳宗敏)	No	15	15	11	0	0	No	3
Li Xiaofei (李曉霏)	No	15	15	15	0	0	No	3
HUANG Jian (黃堅)	No	15	15	14	0	0	No	3
DING Lusha (丁璐莎)	No	8	8	8	0	0	No	2
XIANG Hua (向華)	Yes	15	15	12	0	0	No	3
XIAO Houfa (肖厚發)	Yes	15	15	13	0	0	No	3
XIONG Wei (熊偉)	Yes	15	15	15	0	0	No	3
HU Honggao (胡鴻高)	Yes	15	15	13	0	0	No	3
FENG Jinhua (豐金華)	Yes	15	15	13	0	0	No	3
PENG Lei (彭磊) (resigned from January 12, 2023)	No	0	0	0	0	0	No	1
SU Min (蘇敏) (resigned from March 31, 2023)	No	3	2	2	1	0	No	1
WANG Wen (王文) (resigned from May 19, 2023)	No	5	5	5	0	0	No	1
GAO Hong (高宏) (resigned from August 11, 2023)	No	9	9	8	0	0	No	2
LIU Chong (劉沖) (resigned from November 20, 2023)	No	13	13	11	0	0	No	3
Number of Board meetings convened during the year								15
Of which: number of onsite meetings								0
Number of meetings convened by way of correspondence								8
Number of meetings convened onsite and by way of correspondence								7

**(II) Duty performance of independent Directors**

For details of the duty performance of independent Directors, please see the Annual Duty Report of Independent Directors for 2023 (獨立董事2023年度述職報告) published on the Hong Kong Stock Exchange website for the same period of this report.

**(III) Others****1. Directors' training**

The Company places high emphasis on the continuous training of the Directors, persistently improves internal workflow and builds up multi-layers information communication system so as to provide information security for the duty performance of the Directors, and to ensure that the Directors have a proper understanding of the operation and business of the Company, as well as the duties and responsibilities as conferred by the CSRC, the SSE, the Hong Kong Stock Exchange, the Articles of Association and relevant laws and regulations. During the Reporting Period, through the "Correspondences to the Directors and Supervisors" (《董監事通訊》), the Directors actively participated in training organized by regulatory authorities and self-regulatory organizations to keep abreast of the latest policies and regulations, industry dynamics and the operation of the Company, update their expertise and skills and further enhance their performance of obligations.

Name	Position	Time and content of the training
HUO Da (霍達)	Chairman of the Board, executive Director	He participated in the quality conference for listed companies under CSRC Shenzhen Office and the special training for chairman of the board of directors and general manager in November 2023; participated in the follow-up education for securities practitioners from October to December 2023; and read the Monthly Correspondences to the Directors and Supervisors
ZHANG Jian (張健)	Non-executive Director	He participated in the compliance training for directors of Hong Kong listed companies in August 2023; participated in training of "column online course on carbon peak and carbon neutrality typical cases" (碳達峰碳中和典型案例專欄網絡課程) in November 2023; participated in the keynote speech at the International Conference on Supply Chain and High-quality Growth of Chinese Economy (供應鏈和中國經濟高質量增長國際會議) in December 2023; and read the Monthly Correspondences to the Directors and Supervisors
DENG Weidong (鄧偉棟)	Non-executive Director	He participated in the online course training on the interpretation on the reform of the System for Independent Director of Listed Companies and a column online course on carbon peak and carbon neutrality typical cases in December 2023; and read the Monthly Correspondences to the Directors and Supervisors

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Name	Position	Time and content of the training
LIU Weiwu (劉威武)	Non-executive Director	He participated in the 2023 induction training (2nd session) for directors, supervisors and senior management of listed companies in October 2023; participated in the training course for senior management of central enterprises and the 2024 video conference on budget statement training for central enterprises in November 2023; participated in the online course training on the interpretation on the reform of the System for Independent Director of Listed Companies and a column online course on carbon peak and carbon neutrality typical cases in December 2023; and read the Monthly Correspondences to the Directors and Supervisors
WU Zongmin (吳宗敏)	Executive Director, President	He participated in the live broadcast course on the interpretation of the "Arrangements for Further Consolidating and Promoting the Cultural Construction of the Securities Industry" (《進一步鞏固推進證券行業文化建設工作安排》) in February 2023; participated in the 2023 training courses for the directors, supervisors and senior management of listed companies organized by the Shenzhen Securities Regulatory Bureau and the 17th and 18th online training session on the Party building to lead culture construction and exchange of securities companies in October 2023; participated in the follow-up education of securities practitioners and fund practitioners from October to December 2023; and read the Monthly Correspondences to the Directors and Supervisors
LI Xiaofei (李曉霏)	Non-executive Director	He participated in the training course for senior management of central enterprises in November 2023; participated in the column online course training on the interpretation on the reform of the System for Independent Director of Listed Companies and carbon peak and carbon neutrality typical cases in December 2023; and read the Monthly Correspondences to the Directors and Supervisors
HUANG Jian (黃堅)	Non-executive Director	He participated in the special training on "Policy Interpretation on the Reform of Registration System of the Listed Companies" in March 2023; participated in the 2023 training courses for the directors, supervisors and senior management of listed companies in November 2023; participated in the interpretation on the reform of the System for Independent Director of Listed Companies in December 2023; and read the Monthly Correspondences to the Directors and Supervisors

Name	Position	Time and content of the training
DING Lusha (丁璐莎)	Non-executive Director	She participated in the policy training on the Notice on Matters Related to Individual Pension Business Conducted by Insurance Companies (《關於保險公司開展個人養老金業務有關事項的通知》) in February 2023; participated in the comprehensive risk management practice of insurance fund utilization in April 2023; participated in the training on how to properly manage interest rate risk under the management of insurance assets and liabilities and the compliance training for directors of Hong Kong listed companies in June 2023; participated in the tenth session of special training courses for the C-ROSS (Phase II) Regulation (償二代二期監管規則) in September 2023; participated in the challenges of insurance asset and liability management and the strategic thinking of asset allocation under the low interest rate in November 2023; participated in the development and model discussion of the equity investment industry of insurance funds in December 2023; and read the Monthly Correspondences to the Directors and Supervisors
XIANG Hua (向華)	Independent non-executive Director	He participated in 2023 Goldman Sachs Global Macro Asia Pacific Seminar (高盛全球宏觀亞太2023研討會) in February 2023; participated in Ernst & Young Hong Kong Tax Seminar (安永香港稅務研討會) in April 2023; participated in Anti-Money Laundering-Risk Management and Corporate Risk Assessment in December 2023; and read the Monthly Correspondences to the Directors and Supervisors
XIAO Houfa (肖厚發)	Independent non-executive Director	He participated in the special training on “Policy Interpretation on the Reform of Registration System of the Listed Companies” in March 2023; participated in the theoretical study course for Non-party Personage (無黨派人士理論研究班) and the study seminar for new members of the 14th National Committee of the Chinese People’s Political Consultative Conference in May 2023; participated in the 2023 training course for industry representatives of certified public accountants in July 2023; and read the Monthly Correspondences to the Directors and Supervisors
XIONG Wei (熊偉)	Independent non-executive Director	He participated in the China Economic Annual Conference, China Financial Forum and China Financial Annual Conference held by U.S. National Bureau of Economic Research in December 2023; and read the Monthly Correspondences to the Directors and Supervisors

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Name	Position	Time and content of the training
HU Honggao (胡鴻高)	Independent non-executive Director	He participated in the special training on policy interpretation on the comprehensive reform of registration system in February 2023; participated in the pre-appointment training for independent Directors on the STAR Market in April 2023; participated in the special training for enterprise directors on the system of Shanghai SASAC and the Practice of Corporate Governance of State-owned Enterprises (《國有企業公司治理實務》) in October 2023; and read the Monthly Correspondences to the Directors and Supervisors
FENG Jinhua (豐金華)	Independent non-executive Director	He participated in the press conference on the information database of independent Directors and the symposium on the system reform of independent Directors organized by the China Association for Public Companies in August 2023; participated in the follow-up training for independent Directors of listed companies in December 2023; and read the Monthly Correspondences to the Directors and Supervisors

### 2. Terms of office of non-executive Directors

As at the end of the Reporting Period, there were six non-executive Directors (ZHANG Jian, DENG Weidong, LIU Weiwu, LI Xiaofei, HUANG Jian, DING Lusha), and five independent non-executive Directors (XIANG Hua, XIAO Houfa, XIONG Wei, HU Honggao and FENG Jinhua). For details of their terms of office, see "Change in shareholdings and remunerations of existing and resigned/retired Directors, Supervisors and senior management during the Reporting Period" in "Chapter 4: Corporate Governance Report" of this report.

### 3. Diversity policy

#### (1) Purpose

This policy aims to set out the approach to achieve diversity on the Board of the Company.

#### (2) Statements

- ① The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the business of the Company. It should ensure that changes to its composition can be managed without undue disruption. It should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgment. Non-executive Directors should be of sufficient caliber and number for their views to carry weight.
- ② When determining the composition of the Board, the Company will consider board diversity in terms of, among other things, gender, age, cultural and educational background, races, expertise, skills, know-how and length of services. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

#### (3) Measurable objectives

Selection of candidates for Board membership will be based on a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, races, expertise, skills, know-how and length of services. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition (including gender, age, educational background, professional experience, length of services, etc.) will be disclosed in the Corporate Governance Report annually.

As of December 31, 2023, the Board consists of 13 members, one of whom is a female Director. Ms. ZHANG Ruijun was appointed as a Director of the Company on January 18, 2024. As of the Latest Practicable Date, the Board consists of 15 members, two of whom are female Directors. As such, gender diversity has been achieved in terms of the Board. The Company will continuously strive to increase the number of female Directors and maintain an appropriate balance of gender diversity with regard to shareholders' expectations and industry best practices. The Company will focus on (i) achieving gender diversity in recruitment; and (ii) improving the competency of female employees, so as to maintain gender diversity on the Board in the long-term.

As of December 31, 2023, the Company had 12,769 employees (including senior management), of which female employees (including senior management) accounted for approximately 42.9%. As such, the Company has achieved the goal of maintaining a relatively balanced gender ratio. The Company has observed the rules of fair employment and merit-based recruitment with no gender discrimination. Based on the review of the Board, there are no factors or circumstances that would make achieving gender diversity among all employees (including senior management) more challenging or less relevant. The Company will continue its efforts in increasing the representation of female among its employees.

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### (4) Monitoring and reporting

The Nomination Committee will disclose the composition of the Board in terms of diversity annually in the Corporate Governance Report and monitor the implementation of this policy.

### (5) Review of this policy

The Nomination Committee will review this policy, as appropriate, to ensure the effectiveness of this policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

### (6) Disclosure of this policy

- ① This policy will be published on the Company's website for public information.
- ② A summary of this policy together with the measurable objectives set for implementing this policy, and the progress made towards achieving those objectives, will be disclosed in the annual Corporate Governance Report.

## 4. *Nomination policy*

The Nomination Committee shall study the conditions, selection procedures and term of office of the Directors and senior management of the Company in accordance with applicable laws and regulations, the Hong Kong Listing Rules and the Articles of Association as well as the actual circumstances of the Company, and submit its decisions to the Board for approval.

Directors and senior management shall be elected through the following procedures:

- (1) the Nomination Committee shall study the needs of the Company for directors and senior management and record the same into written documents;
- (2) the Nomination Committee may identify to a wide extent the candidates of directors and senior management within the Company, its subsidiaries and the talent market;
- (3) the Nomination Committee shall collect the information about the candidates in respect of the profession, education, job title, detailed work experience and part-time jobs and record the same into written documents;
- (4) the Nomination Committee shall obtain consent from the candidates on the nomination before they are proposed as candidates of directors or senior management;
- (5) the Nomination Committee shall convene a meeting to examine the qualifications of candidates in accordance with the job requirements of directors and senior management;
- (6) the Nomination Committee shall submit the relevant materials and proposals for the appointment and removal of director and senior management in accordance with the procedures of the shareholders' meeting and the board of directors' meeting, prior to the election of new directors and the appointment of new senior management personnel;
- (7) the Nomination Committee shall carry out subsequent work based on the decisions and feedbacks of the Board.

### 5. Board Independence Assessment Mechanism

The Company has adopted the Board Independence Assessment Mechanism. The Board Independence Assessment Mechanism aims to ensure that the Board has strong independence, so that the Board can effectively make independent judgments and better safeguard the interests of shareholders. In order to ensure that independent non-executive Directors can provide independent views and opinions to the Board, the Nomination Committee and the Board assess the independence of independent non-executive Directors every year, and the relevant considerations include the following: (1) the character, integrity, professional knowledge, experience and stability necessary for the performance of duties; (2) the time and energy devoted to the affairs of the Company; (3) whether they have performed their duties as independent Directors and devoted themselves to the work of the Board; (4) the declaration of conflict of interests for serving as independent non-executive Directors; (5) the fact that they should not participate in the daily management of the Company, with no relationships or circumstances that would affect their independent judgments; and (6) the fact that the chairman of the Board should meet with the independent non-executive Directors regularly with the absence of executive Directors. In addition, according to the Board Independence Assessment Mechanism, Directors are allowed to seek independent professional advice when performing their duties, and are encouraged to contact and consult the senior management of the Company independently.

### VII. Information about Special Committees under the Board

The Company has established five committees under the Board, namely the Strategy and Sustainability Committee, the Risk Management Committee, the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee in accordance with relevant PRC laws, regulations, the Articles of Association and the corporate governance practices prescribed under the Hong Kong Listing Rules. The committees are accountable to the Board and perform duties under the authorization of the Board. The decision-making procedures of the Board have been further refined by a clear division of duties, powers and responsibilities and high operation efficiency of the committees. The committees provide advice on the decisions of the Board and have made favorable contributions when the Board makes major decisions for the Company.

For details of the composition of the committees as at the end of the Reporting Period, please see “Information about the members of special committees under the Board” below.

During the Reporting Period, the special committees under the Board performed their duties earnestly and actively put forward various opinions and recommendations on the strategy and sustainability, risk management, internal and external audit and internal control of the Company. During the Reporting Period, the special committees under the Board did not have any disagreement.



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### (I) Information about the members of special committees under the Board

Category of special committee	Name of members
Strategy and Sustainability Committee	The seventh session (until January 18, 2024): HUO Da (chairman), DENG Weidong, WU Zongmin, GAO Hong (until August 11, 2023), LIU Chong (until November 20, 2023), WANG Wen (until May 19, 2023), DING Lusha (from July 18, 2023), XIANG Hua;
	The eighth session (from January 18, 2024): HUO Da (chairman), DENG Weidong, WU Zongmin, ZHANG Jian, ZHANG Mingwen, DING Lusha, XIANG Hua
Risk Management Committee	The seventh session (until January 18, 2024): SU Min (chairlady, until March 31, 2023), ZHANG Jian (chairman, from August 25, 2023), LIU Weiwu, WU Zongmin (chairman from May 28, 2023 to August 25, 2023), PENG Lei (until January 12, 2023), LI Xiaofei (from January 12, 2023), LIU Chong (until November 20, 2023), WANG Wen (until May 19, 2023), DING Lusha (from July 18, 2023), XIANG Hua;
	The eighth session (from January 18, 2024): ZHANG Jian (chairman), LIU Weiwu, WU Zongmin, MA Boyin, ZHANG Mingwen, DING Lusha, XIANG Hua
Audit Committee	The seventh session (until January 18, 2024): XIAO Houfa (chairman), LIU Weiwu, HUANG Jian, HU Honggao, FENG Jinhua
	The eighth session (from January 18, 2024): ZHANG Ruijun (chairman), LIU Weiwu, HUANG Jian, CAO Xiao, FENG Jinhua
Remuneration and Appraisal Committee	The seventh session (until January 18, 2024): XIANG Hua (chairman), SU Min (until March 31, 2023), ZHANG Jian (from August 25, 2023), PENG Lei (until January 12, 2023), LI Xiaofei (from January 12, 2023), XIONG Wei, FENG Jinhua
	The eighth session (from January 18, 2024): XIANG Hua (chairman), ZHANG Jian, LI Xiaofei, YIP, Ying Chi Benjamin, FENG Jinhua
Nomination Committee	The seventh session (until January 18, 2024): XIONG Wei (chairman), HUO Da, PENG Lei (until January 12, 2023), LI Xiaofei (from January 12, 2023), XIAO Houfa, HU Honggao;
	The eighth session (from January 18, 2024): YIP, Ying Chi Benjamin (chairman), HUO Da, LI Xiaofei, ZHANG Ruijun, CAO Xiao

## (II) The Strategy and Sustainability Committee held three meeting during the Reporting Period

Date of meeting	Details of meeting	Major opinions and recommendations	Other duty performance
March 24, 2023	Considered and approved the resolution on the 2022 Corporate Social Responsibility Report and Environmental, Social and Governance Report of the Company	Nil	Nil
April 28, 2023	Considered and approved the resolution on the Information Technology Strategic Plan of the Company (2023-2025)	1. Achievement of the objectives of information technology strategic planning period can be considered peer comparison and benchmarking analysis, not only to set up China Merchants Securities' own construction goals, but also to identify the China Merchants Securities' goals to achieve the industry level; 2. It is necessary to deeply study the impact of AI empowerment on business development and grasp the valuable opportunity of digital overtaking on curves	Nil
December 14, 2023	Considered and approved the resolution on the Application for the Use of the Financial Technology Innovation Fund for the Company's Cloud Native Chassis and Data Platform Construction Project (關於公司雲原生底座暨數據中台建設項目申請使用金融科技創新基金的議案), and the resolution on the proposed amendments to part of the integrated competitiveness index in the Medium- to Long-term Development Strategy and 2019-2023 Development Plan of China Merchants Securities Co., Ltd.	The Company has made adjustments to its the integrated competitiveness index system, placing greater emphasis on efficiency indicators, reflecting the direction of business development, and encouraging the Company to continue to strengthen its distinctive businesses, in line with the Company's overall strategic direction and requirements.	Nil

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The main duties of the Strategy and Sustainability Committee of the Company include: analyzing, planning and providing recommendations on the mid- and long-term development strategies of the Company; analyzing and providing recommendations on major investment plans which are required to obtain approval from the Board according to the Articles of Association; analyzing and providing recommendations on major strategic investment decisions and M&A of the Company; analyzing and providing recommendations on major strategic investment and M&A which are required to obtain approval from the Board according to the Articles of Association; analyzing and providing recommendations on other major matters affecting the development of the Company; organizing expert review committee(s) for the above matters; monitoring the implementation of the above matters; conducting research and decision-making on the Company's environmental, social and governance-related goals, plans, strategies, risks and other major issues, and supervising the progress of implementation; and performing other duties as authorized by the Board.

During the Reporting Period, the Strategy and Sustainability Committee held a total of three meetings, and considered and approved the resolution on the 2022 Corporate Social Responsibility Report and Environmental, Social and Governance Report, resolution on Information Technology Strategic Plan of the Company (2023-2025), resolution on the Application for the Use of the Financial Technology Innovation Fund for the Company's Cloud Native Chassis and Data Platform Construction Project (關於公司雲原生底座暨數據中台建設項目申請使用金融科技創新基金的議案), and resolution on the proposed amendments to part of the integrated competitiveness index in the Medium- to Long-term Development Strategy and 2019-2023 Development Plan of China Merchants Securities Co., Ltd.

In addition, through the Strategy and Sustainability Committee, the Board also reviewed and was satisfied with the adequacy of resources, employee qualifications and experience in terms of the performance and reporting of environmental, social and governance of the Company, as well as the training courses received by employees and related budgets.

During the Reporting Period, the attendance of meeting of the Strategy and Sustainability Committee was as follows:

No.	Name	Number of meetings attended/ Number of meetings requiring attendance
1	HUO Da (chairman)	3/3
2	DENG Weidong	3/3
3	WU Zongmin	3/3
4	DING Lusha	1/1
5	XIANG Hua	3/3
6	GAO Hong	2/2
7	LIU Chong	2/2
8	WANG Wen	2/2

### (III) The Risk Management Committee held four meetings during the Reporting Period

Date of meeting	Details of meeting	Major opinions and recommendations	Other duty performance
February 23, 2023	<p>Considered and approved the report on overall risk management of the Company for the fourth quarter of 2022 and allocation of economic capital for 2023, summary and planning report on overall risk management of the Company for 2022, report on an all-inclusive budget arrangement for the proprietary investment of the Company for 2023, resolution on the budget for the proprietary investment of the Company for 2023, report on continuous achievement of risk control indicators (such as net capital) of the Company at the end of 2022, compliance report of the Company for the fourth quarter of 2022, and compliance report of the Company for 2022</p>	<p>1. In 2023, despite the reduced impact of the epidemic, we faced the risks of uncertain economic growth, changes in the external environment, including Sino-US relations, interest rate hike of US dollars, etc., and the transmission risk of the overall pressure on the real estate industry to the financial industry. The Company shall continue to do a good job in various risk management, attach great importance to market risk and credit risk management, and pay attention to operational risks; 2. We shall control the risks of the investments for proprietary trading, further bring forward the risk management, and be more active; 3. It is suggested to actively use artificial intelligence and other scientific and technological means to improve the quality of investment banking practice; 4. Under the full implementation of the registration-based IPO system, the intermediaries will undertake more responsibilities, and the Company shall pay more attention to compliance management.</p>	Nil

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Date of meeting	Details of meeting	Major opinions and recommendations	Other duty performance
May 30, 2023	Considered and approved the report on overall risk management of the Company for first quarter of 2023, and compliance report of the Company for first quarter of 2023	<p>1. In recent years, the Company's judgment on the macro trend and the prevention and control of key risks in stages are timely and adequate, which has played a positive role for development. It is suggested that in the coming period of time, the Company shall adhere to the general direction of prudence, and promote risk control and business development in a balance way. The Company shall not only control risks but also support the steady development of various businesses, to this end, we need control risks with fine precision; 2. Due to the change of external environment and the industry characteristics of the financial industry, risks are hard to prevent and there is a high degree of uncertainty; Compliance management is relatively more certain and the boundary is relatively clear. The Company is advised to further strengthen compliance management in terms of system, process, grass roots level and compliance education.</p>	Nil

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Date of meeting	Details of meeting	Major opinions and recommendations	Other duty performance
August 28, 2023	Considered and approved the report on overall risk management of the Company for second quarter of 2023, compliance report of the Company for second quarter of 2023, and report on continuous achievement of risk control indicators (such as net capital) of the Company at the end of June 2023	<p>1. It is necessary to consistently strengthen risk compliance management, coordinate operation capabilities and risk management capabilities, achieve a better integration of risk management capabilities and marketing capabilities, and scientifically balance business development and risk management. Risk management should change with time and situation. The Company shall understand and follow policies as well as professional judgment on risks, conduct more in-depth research on the nature of risks, and make reasonable arrangements through asset mix;</p> <p>2. Risk compliance management has the characteristics of professionalism and lag. In terms of management system, it is necessary to maintain isolation and balance, professionalism and integrity, build a “three lines of defense” system, and achieve all-round and seamless coverage with a professional talents team;</p> <p>3. Risk management and compliance management should be moved forward, embedded in the process. The Company shall learn more about the business, adapt to the business characteristics and risk characteristics through institutional system, process design, financial technology and other innovations, and play a more timely role in all stages;</p> <p>4. During the risk management, we should use more quantitative tools, IT means, etc., and integrate regulatory requirements into all stages so as to play a more accurate role.</p>	Nil

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Date of meeting	Details of meeting	Major opinions and recommendations	Other duty performance
November 28, 2023	Considered and approved the report on overall risk management of the Company for third quarter of 2023, resolution on the adjustment of risk appetite statement of the Company, report on the summary of risk control and decision system optimization of the Company for 2023 (公司2023年風控決策體系優化總結報告), and compliance report of the Company for third quarter of 2023	1. The National Financial Work Conference proposed to support state-owned large financial institutions to become companies with excellence and strength, and small and medium-sized financial institutions will face greater pressure, therefore, the Company shall attach great importance to the credit risks of its counterparties and peers. At the same time, under greater competitive pressure, the Company shall pay attention to risks arising from our development; 2. The Company's risk management shall change with time and situation. It should not only understand and follow the policy, but also follow the professional judgment on risks, do more in-depth research on the nature of the risk, form its own judgment, and make reasonable arrangements through asset mix.	Nil

The main duties of the Risk Management Committee of the Company include: reviewing and providing recommendations on the general goals and basic policies of risk management and compliance management of the Company; reviewing and discussing with the management on the risk management system of the Company to ensure that the management has fulfilled its duties and set up an effective risk management system; discussing issues such as the adequacy of resources, the qualifications and experience of employees, the sufficiency of training programs for employees and relevant budget in respect of risk management; reviewing and providing recommendations on the organizational deployment and the duties of risk management and compliance management of the Company; evaluating and providing recommendations on the risks involved in major decisions and the proposals in resolving major risks; reviewing and providing recommendations on the regular risk evaluation reports, regular compliance reports and economic capital management proposals of the Company; analyzing the results of major investigations and the response of the management on such investigations in respect of risk management issues on its own or as designated by the Board; and handling other matters required to be resolved by regulatory authorities or as authorized by the Board.

During the Reporting Period, the Risk Management Committee held a total of four meetings. The Risk Management Committee gained a comprehensive understanding of the risk and compliance situation of the Company through reviewing its quarterly and annual compliance reports and risk evaluation reports. It also conducted an assessment of the risk profile and risk control capability of the Company on a regular basis. The cooperation between various departments of the Company, such as compliance and risk management departments, was enhanced to facilitate the establishment of a comprehensive risk prevention system of the Company.

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During the Reporting Period, the attendance of meetings of the Risk Management Committee was as follows:

No.	Name	Number of meetings attended/ Number of meetings requiring attendance
1	ZHANG Jian (chairman)	2/2
2	LIU Weiwu	4/4
3	WU Zongmin (former chairman)	4/4
4	LI Xiaofei	4/4
5	DING Lusha	2/2
6	XIANG Hua	4/4
7	PENG Lei	0/0
8	SU Min (former chairlady)	1/1
9	LIU Chong	3/3
10	WANG Wen	1/1

### (IV) The Audit Committee held seven meetings during the Reporting Period

Date of meeting	Details of meeting	Major opinions and recommendations	Other duty performance
February 13, 2023	Resolution on adjusting the person in charge of the internal audit department	Nil	Nil
March 23, 2023	Resolution on the internal audit report of the Company for 2022 and internal audit work plan of the Company for 2023, resolution on the internal control assessment report of the Company for 2022, resolution on the internal control audit report of the Company for 2022, resolution on the annual report of the Company for 2022, resolution on the final accounts report of the Company for 2022, resolution on the engagement of the auditors of the Company for 2023, resolution on the contemplated ordinary related party transactions of the Company for 2023 and resolution on the work report of the Audit Committee under the Board for 2022	In view of more blow-ups of Hong Kong companies of Chinese brokers in 2022, it recommended the Company to strengthen the internal audits of its subsidiaries in Hong Kong in 2023.	Nil
April 28, 2023	Resolution on the first quarterly report of the Company for 2023	Nil	Nil



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Date of meeting	Details of meeting	Major opinions and recommendations	Other duty performance
August 28, 2023	The 2023 interim audit work report of the Company, and the 2023 interim report of the Company	Nil	Nil
October 25, 2023	The 2023 self-assessment program on internal control of the Company, and the third quarterly report of the Company for 2023	It required the annual auditor to review the rigor and effectiveness of system implementation through interviews and walk-through tests, and to strengthen the audit response to the risk of management overriding control.	Nil
November 28, 2023	Resolution on the third quarterly internal audit report of the Company for 2023, resolution on the proposed amendments to the Internal Audit System of the Company and resolution on the criteria for selection of the Company's accounting firm for 2024 (關於公司2024年度會計師事務所選聘標準的議案)	Nil	Nil
December 28, 2023	Resolution on the proposed amendments to the Working Rules of the Audit Committee under the Board of the Company	Nil	Nil

The main duties of the Audit Committee of the Company include: supervising and evaluating external audit work, providing recommendations on engaging or changing external auditors, and supervising and assessing the internal audit work; coordinating the communication of the management, internal auditors and relevant departments with the external auditors, and performing the role as a major representative of the Company to liaise with the external auditors and supervise their relationships; overseeing and evaluating the Company's internal control; overseeing the financial reporting system of the Company, reviewing the Company's financial information and its disclosure, supervising the annual audit work, making judgments on the authenticity, accuracy and completeness of the audited financial report information, and submitting them to the Board for consideration; ensuring and reviewing the arrangements of the Company which enables its employees and those who deal with the Company (e.g. customers and suppliers) to be the whistle-blower in the event of any possible misconduct in financial reporting, internal control or other aspects of the Company; ensuring that proper arrangements are made for the Company to conduct a fair and independent investigation on such matters and take appropriate actions; making recommendations to the Board on the appointment or dismissal of the chief financial officer of the Company; reviewing the changes in accounting policies and accounting estimates or the correction of major accounting errors due to reasons other than changes in accounting standards, and submitting them to the Board for consideration; considering other topics and grants as identified by the Board; and performing other duties required by laws and regulations, regulatory provisions, self-disciplinary rules and the Articles of Association of the places where the Company's securities are listed.

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During the Reporting Period, the Audit Committee held a total of seven meetings. The Audit Committee convened meetings, considered and made decisions on the relevant issues pursuant to the Working Rules of the Audit Committee under the Board (《董事會審計委員會工作規則》) of the Company. In accordance with the Annual Report Work Procedures for the Audit Committee under the Board (《董事會審計委員會年報工作規程》), the Audit Committee participated actively in the preparation of the annual financial report, auditing and disclosure, and strived to uphold its audit independence. Its audit quality was also enhanced to safeguard the interests of the Company and shareholders as a whole.

In accordance with the requirements of relevant laws and regulations, the Audit Committee and its members fully discharged its audit and supervision obligations. Its diligent efforts were indispensable to the optimization of the corporate governance structure and the audit quality.

After carrying out prudent audit and supervision on the financial position of the Company and reviewing the financial statements prepared by the Company, the Audit Committee considered that the Company has a stable financial system and satisfactory financial position. In addition, the Board is satisfied with the adequacy of resources, staff qualification and experience for performing accounting, internal audit and financial reporting functions in relation to the Company's environmental, social and governance performance and reporting as well as the sufficiency of staff training and relevant budget after conducting reviews through the Audit Committee.

During the Reporting Period, the attendance of meetings of the Audit Committee was as follows:

No.	Name	Number of meetings attended/ Number of meetings requiring attendance
1	XIAO Houfa (chairman)	7/7
2	LIU Weiwu	7/7
3	HUANG Jian	7/7
4	HU Honggao	7/7
5	FENG Jinhua	7/7

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### (V) The Remuneration and Appraisal Committee held three meetings during the Reporting Period

Date of meeting	Details of meeting	Major opinions and recommendations	Other duty performance
March 24, 2023	Considered and approved the resolution on the 2022 assessment report of compliance officer of the Company, resolution on the approval of total remuneration of the Company for 2021, resolution on the release of reserved incentive amounts under the retention plan for the grant of mid- to long-term cash incentives for key employees (關於發放核心員工中長期現金保留計劃預留激勵額度的議案); reviewed the 2022 annual duty report of HUO Da, WU Zongmin, WU Huifeng, ZHAO Bin, HU Yu, ZHANG Haochuan, etc.	Nil	Nil
June 12, 2023	Considered and approved the resolution on optimizing the remuneration verification mechanism of senior management and approving the remuneration of the Company's senior management for 2020 (關於優化高管薪酬核定機制及核定公司2020年度高管薪酬的議案), and resolution on the approval of the remuneration standards for ZHANG Haochuan and LIU Jie (關於張浩川、劉傑薪酬標準核定的議案)	Nil	Nil
December 29, 2023	Considered and approved the resolution on the evaluation results of the 2022 operating performance of the Company's managers (關於公司經理層成員2022年度經營業績考核結果的議案), and resolution on the evaluation of the operating results of the Company's managers for 2023 and individual positions for 2023-2024 (關於公司經理層成員2023年度及個別崗位2023-2024年任期經營業績考核內容的議案)	Nil	Nil

The main duties of the Remuneration and Appraisal Committee of the Company include: considering and reviewing the remuneration policy, standard and proposal of the Directors and senior management of the Company with reference to the principal scope of authorization, duties and importance of the Directors and senior management as well as the remuneration package for similar positions of comparable companies; making recommendations to the Board on the overall remuneration policy and structure of the Directors and senior management of the Company and the formulation of official and transparent procedures for determining the remuneration policy. The remuneration standard and proposal include but are not limited to appraisal standards and procedures, major evaluation systems, and major proposals and systems on reward and penalty. The Remuneration and Appraisal Committee is also responsible for reviewing and approving the remuneration proposal for the management in accordance with the corporate missions and targets determined by the Board; reviewing the overall remuneration policy of the Company and the total amount of annual remuneration and examining the remuneration policy and the execution of annual remuneration; making recommendations to the Board on the remuneration of executive Directors and senior management (including salary, pension and compensation (including the compensation as to the loss or termination of office or appointment)), as well as the remuneration of non-executive Directors; considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions of other positions of the Company; reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with the terms of the employment contracts or is otherwise fair and reasonable; reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with the terms of the employment contracts or are otherwise reasonable and appropriate; ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration; examining the appraisal standards of the Directors and senior management of the Company; reviewing and examining the performance of the duties of the Directors and senior management, conducting annual performance assessment and providing recommendations; overseeing the implementation of remuneration system of the Company; performing other duties as authorized by the Board; and performing other duties as required by the listing rules or laws and regulations of the places where the Company is listed.

During the Reporting Period, the Remuneration and Appraisal Committee held a total of three meetings. The Remuneration and Appraisal Committee reviewed the performance of and conducted annual performance appraisals for the executive Directors and senior management of the Company, conducted special assessment on the compliance of the compliance officer of the Company. The Remuneration and Appraisal Committee confirmed the evaluation results of the 2022 operating performance of the Company's managers and determined the evaluation of the operating performance of the Company's managers for 2023 and individual positions for 2023-2024.

## Chapter 4: Corporate Governance Report

During the Reporting Period, the attendance of meetings of the Remuneration and Appraisal Committee was as follows:

No.	Name	Number of meetings attended/ Number of meetings requiring attendance
1	XIANG Hua (chairman)	3/3
2	ZHANG Jian	1/1
3	LI Xiaofei	3/3
4	XIONG Wei	3/3
5	FENG Jinhua	3/3
6	PENG Lei	0/0
7	SU Min	1/1

### (VI) The Nomination Committee held eight meetings during the Reporting Period

Date of meeting	Details of meeting	Major opinions and recommendations	Other duty performance
January 12, 2023	Considered and approved the resolution on the re-appointment of senior management of the Company	Nil	Nil
March 24, 2023	Considered and approved the resolution on the Board diversity and independence review report of the Company for 2022 (關於公司2022年度董事會多元化及獨立性檢視報告的議案)	Nil	Nil
April 21, 2023	Considered and approved the resolution on the nomination of the vice president (chief financial officer) of the Company	Nil	Nil
May 26, 2023	Considered and approved the resolution on the nomination of DING Lusha as a candidate for non-executive Director	Nil	Nil
July 28, 2023	Considered and approved the resolution on the nomination of Mr. ZHANG Jian as a candidate for non-executive Director	Nil	Nil
August 15, 2023	Considered and approved the resolution on the nomination of Mr. LIU Rui as a vice president of the Company	Nil	Nil

## Chapter 4: Corporate Governance Report

Date of meeting	Details of meeting	Major opinions and recommendations	Other duty performance
August 28, 2023	Considered and approved the resolution on the nomination of Mr. XIONG Kai as a vice president of the Company, and resolution on the nomination of Mr. LIU Jie as the secretary to the Board of the Company	Nil	Nil
December 11, 2023	Considered and approved the resolution on the nomination of candidates for non-independent Directors of the eighth session of the board of directors of the Company, and resolution on the nomination of candidates for independent Directors of the eighth session of the board of directors of the Company	Nil	Nil

The main duties of the Nomination Committee of the Company include: reviewing the structure, number of members and composition (including skills, knowledge and experience) of the Board at least once a year and making recommendations on any intended change to the Board in line with the strategies of the Company; making recommendations to the Board as to its scale and composition based on the business operations, asset scale and share structure of the Company; considering and formulating criteria and procedures for selection of Directors and senior management to be approved by the Board; identifying qualified candidates for Directors and senior management and giving opinions to the Board; assessing the independence of independent non-executive Directors; reviewing and providing recommendations on the appointment and dismissal of Directors and senior management; making recommendations to the Board on the appointment or re-appointment of Directors, as well as the succession plan of Directors (particularly the Chairman and the Chief Executive Officer); performing other duties as authorized by the Board; and performing other duties as required by the listing rules or laws and regulations of the places where the Company is listed.

During the Reporting Period, the Nomination Committee held a total of eight meetings. The Nomination Committee reviewed the structure of the Board (including Board diversity) and the qualifications of candidates for Directors and senior management. For details of the nomination procedures, processes and guidelines observed by the Nomination Committee during the Reporting Period, please see "Diversity policy" in "Chapter 4: Corporate Governance Report" of this report.

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During the Reporting Period, the attendance of meetings of the Nomination Committee was as follows:

No.	Name	Number of meetings attended/ Number of meetings requiring attendance
1	XIONG Wei (chairman)	8/8
2	HUO Da	8/8
3	LI Xiaofei	7/7
4	XIAO Houfa	8/8
5	HU Honggao	8/8
6	PENG Lei	1/1

### VIII. Duty Performance of Supervisors

During the Reporting Period, the Supervisory Committee of the Company fully performed its duties in corporate governance in accordance with the relevant laws and regulations such as the Company Law and Securities Law and the related provisions regarding the responsibilities of the Supervisory Committee in the Articles of Association. The Supervisory Committee supervised the Board and senior management in respect of their implementation of resolutions of the shareholders' general meetings, inspected the daily operation and financial position of the Company, monitored the risk control and compliance of the Company, safeguarded the legitimate interests of the Company, its shareholders and all investors and made positive contributions to the regulated operation of the Company.

## (I) Attendance of Supervisors at Supervisory Committee meetings and shareholders' general meetings

Name of Supervisor	Position	Attendance of Supervisory Committee meetings						Attendance of shareholders' general meeting
		Number of Supervisory Committee meetings requiring attendance	Attendance in person (times)	Attendance through correspondence (times)	Attendance by proxy (times)	Absence (times)	Whether not attending in person for two consecutive meetings	Attendance of shareholders' general meeting (times)
ZHOU Linda Lei (周語茵)	Chairman of the Supervisory Committee	6	6	4	0	0	No	3
ZHU Eric Liwei (朱立偉)	Shareholder representative Supervisor (appointed as tentative convenor from November 27, 2023)	4	4	4	0	0	No	1
WANG Zhangwei (王章為)	Shareholder representative Supervisor	8	7	7	1	0	No	2
MA Yunchun (馬蘊春)	Shareholder representative Supervisor	8	8	7	0	0	No	3
PENG Luqiang (彭陸強)	Shareholder representative Supervisor	5	5	5	0	0	No	2
ZOU Qun (鄒群)	Shareholder representative Supervisor	8	8	8	0	0	No	3
YIN Hongyan (尹虹艷)	Employee representative Supervisor	8	8	6	0	0	No	3
HE Min (何敏)	Employee representative Supervisor	8	8	6	0	0	No	3
CHEN Jun (陳鋈)	Employee representative Supervisor	8	8	6	0	0	No	3
XU Xin (徐鑫) (resigned on July 28, 2023)	Shareholder representative Supervisor	3	3	3	0	0	No	2
ZHANG Zhen (張震) (resigned on April 14, 2023)	Shareholder representative Supervisor	1	1	1	0	0	No	1
SHEN Weihua (沈衛華) (resigned on March 9, 2023)	Employee representative Supervisor	0	0	0	0	0	No	1
Number of Supervisory Committee meetings convened during the year								8
Of which: number of onsite meetings								0
Number of meetings convened by way of correspondence								6
Number of meetings convened onsite and by way of correspondence								2



## Chapter 4: Corporate Governance Report

### (II) Convening of Supervisory Committee meetings

In 2023, the Supervisory Committee convened a total of 8 meetings, details of which are set out as follows:

Session	Date of meeting	Resolution(s)
18th meeting of the seventh session of the Supervisory Committee	March 23, 2023	Considered and approved the resolution on annual report of the Company for 2022, resolution on operating report of the Company for 2022, resolution on internal control evaluation report of the Company for 2022, resolution on compliance report of the Company for 2022, resolution on the 2022 Corporate Social Responsibility Report and Environmental, Social and Governance Report of the Company, resolution on the evaluation report on effectiveness of compliance management of the Company for 2022, resolution on the working report of the Supervisory Committee of the Company for 2022.
19th meeting of the seventh session of the Supervisory Committee	April 28, 2023	Considered and approved the resolution on the first quarterly report of the Company for 2023, and resolution on the nomination of candidates for shareholder representative Supervisors
20th meeting of the seventh session of the Supervisory Committee	June 16, 2023	Considered and approved the resolution on the audit report on the resignation of WU Huifeng, former Vice President and Secretary to the Board of China Merchants Securities Co., Ltd.
21st meeting of the seventh session of the Supervisory Committee	August 1, 2023	Considered and approved the resolution on nomination of Mr. ZHU Eric Liwei as a candidate for shareholder representative Supervisor
22nd meeting of the seventh session of the Supervisory Committee	August 28, 2023	Considered and approved the resolution on the 2023 interim operational report of the Company, and resolution on the 2023 interim report of the Company.
23rd meeting of the seventh session of the Supervisory Committee	October 26, 2023	Considered and approved the resolution on the third quarterly report of China Merchants Securities Co., Ltd. for 2023.
24th meeting of the seventh session of the Supervisory Committee	November 27, 2023	Considered and approved the resolution on the election of the convenor of the seventh session of the Supervisory Committee of China Merchants Securities Co., Ltd.
25th meeting of the seventh session of the Supervisory Committee	December 14, 2023	Considered and approved the resolution on the proposed amendments to the Rules of Procedure for the Supervisory Committee of China Merchants Securities Co., Ltd., and resolution on the nomination of candidates for shareholder representative Supervisors of the eighth session of the Supervisory Committee of the Company.

## IX. Employees of the Parent Company and Major Subsidiaries as at the End of the Reporting Period

### (I) Employees

Number of employees of the parent company	11,757
Number of employees of major subsidiaries	1,012
Total number of employees	12,769
Number of resigned and retired employees with expenses borne by the parent company and major subsidiaries	60

Classification by business function	
Business function	Number
Securities and futures brokerage	7,390
Research	408
Investment and trading	276
Investment management	287
Investment banking	1,398
Legal and compliance, risk management and internal audit	192
IT	1,917
Finance and accounting	160
Administration and management	568
Others	173
Total	12,769

Classification by educational background	
Educational background	Number
Doctor	110
Master	4,696
Bachelor	6,088
Others	1,875
Total	12,769

## Chapter 4: Corporate Governance Report

### (II) Remuneration policy

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

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

For the year ended December 31, 2023, total staff remuneration expenses (including Directors’ remuneration) amounted to RMB5,828.68 million. For further details, please refer to “Note 12 to the consolidated financial statements” of this report.

### (III) Training program

Focusing on strategic planning and talent training objectives, the Company rationally formulated annual training plans, focused on strengthening the core talent team, carried out a number of effective training, continuously enriched training resources, optimized training operations, and improved training quality. Guided by the growth of employees, the Company adopted a hierarchical organization and implementation method to carry out more than 80 centralized internal training sessions for new employees, key employees, reserve talents, new managers and on-the-job managers, more than 400 departmental professional internal training sessions and more than 200 external training sessions to ensure that employees’ common and personalized training needs can be met. The training covers external laws and regulations, internal rules and regulations, compliance and risk control, professional ethics, integrity awareness, securities business knowledge and skills, leadership, etc. Through various trainings, it enabled cadres and employees to enhance their professional ability, and the Company to achieve its business goals and improve its core competitiveness.

### (IV) Outsourced services

Some departments and branches of the headquarters of the Company outsource certain works which are not essential, non-business and supporting in nature. The Company enters into relevant service agreements with outsourcers and regulates service quality in compliance with related national laws and regulations such as the Contract Law.

### (V) Others

As of December 31, 2023, the Company entered into the securities agency contracts with 1,026 securities agents. The Company adopted categorized and classified management on its securities agents. In respect of categorized management, the headquarters of the Company is responsible for formulating centralized systems and regulations on the recruitment, remuneration, performance assessment, training, compliance management and routine code of conduct, while branch companies and branches shall implement systems on recruitment, profit sharing commission rate, training and assessment of the marketing personnel under the framework formulated by the Company. In respect of classified management, the Company classifies its marketing personnel into different grades according to their sales performance, educational background, professional qualifications, compliance with laws and regulations and general qualifications. Marketing personnel are assigned with different remuneration package and requirements of business according to their grades. In particular, general marketing staff is mainly responsible for soliciting new customers, while those with exceptional performance and higher qualifications is responsible for serving customers with a specific level of assets.

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

#### (I) Formulation, implementation or adjustment of cash dividend policy

While striving to achieve sustainable growth and development, the Company has also attached great importance to providing reasonable, steady and constant returns to investors, and has implemented a continuous and stable profit distribution policy.

The Company may distribute its profits in the form of cash, shares or a combination of cash and shares, and may distribute its profit by way of cash dividend as priority. The specific distribution ratio shall be determined by the Board according to the operating status of the Company and the relevant requirements of the CSRC, subject to the approval at the shareholders' general meeting. Under the premises that both the profit and risk control indicators of the Company have met the regulatory requirements, and after taking into account the operation and long-term development needs of the Company, the Company will actively adopt profit distribution in the form of cash.

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The profit distribution of the Company shall comply with the following requirements:

- (I) profits distributed by the Company in cash each year shall be no less than 10% of distributable profits realized in that year, and for any three consecutive years, profits accumulatively distributed by the Company in cash shall be no less than 30% of annual average distributable profits realized for such three years;
- (II) the Company may not distribute profits beyond the scope of accumulative distributable profits and shall ensure that, after the implementation of the profit distribution plan, all risk control indicators comply with the standard warning requirements set out in the Measures for the Risk Control Indicators of Securities Companies;
- (III) the Company shall in principle distribute profits once each year, but the Board may suggest the Company make the interim cash dividend distribution according to its profitability and funding requirements and on relevant conditions;
- (IV) where the Company maintains the consistency of share capital expansion with business development and performance growth on the premise of complying with the provisions concerning cash dividend distribution contained in (1) above and ensuring the reasonable scale of share capital of the Company, it may distribute dividends in shares or by other means.

During the Reporting Period, the Company formulated and implemented the annual profit distribution plan for 2022 in accordance with the requirements on the policy, decision-making process and arrangement of dividend under the Plan on Shareholders' Returns of China Merchants Securities Co., Ltd. (2021-2023) and the Articles of Association of China Merchants Securities Co., Ltd.

The proposal on the annual profit distribution for 2022 is as follows: based on the Company's total share capital of 8,696,526,806 shares prior to the implementation of the proposal, the Company shall distribute a cash dividend of RMB0.185 (tax inclusive) for each share, amounting to cash dividend of RMB1,608,857,459.11 (tax inclusive) in total. The cash dividend distributed accounted for 19.93% of the net profit attributable to shareholders of the parent company in the consolidated statement of the Company for 2022. The Company made an announcement on the situation where the cash dividend ratio for the year was less than 30%.

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

The profit distribution plan was reviewed by the Company's independent Directors and was approved by the Board before it was submitted to the shareholders' general meeting for approval. The proposal was considered and passed by the shareholders' general meeting, where the vote by minority shareholders was counted separately.

The profit distribution policy adopted by the Company is in compliance with laws and regulations as well as stipulations of the Plan on Shareholders' Returns of China Merchants Securities Co., Ltd. (2021-2023) and the Articles of Association. The dividend distribution basis and ratio were specific and clear, and the relevant decision-making procedures and arrangement were complete. The independent Directors have fully performed their responsibilities in the course of making decisions on profit distribution and the legitimate rights and interests of minority shareholders were safeguarded.

The A Share profit distribution plan for 2022 of the Company was implemented on July 25, 2023. The H Share profit distribution plan for 2022 of the Company was implemented on August 4, 2023.

### (II) Details of cash dividend policy

Whether the policy was in compliance with the requirements of the Articles of Association or the resolutions passed at the shareholders' general meetings	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the dividend distribution basis and ratio were specific and clear	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the relevant decision-making procedures and arrangement were complete	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the independent Directors have duly performed their duties and functions	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether there were enough opportunities for minority shareholders to express their views and concerns, and whether their legitimate rights and interests were sufficiently safeguarded	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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### (III) Proposals on profit distribution and conversion of capital reserve during the Reporting Period

Unit: Yuan Currency: RMB

Number of bonus shares for every 10 shares	0
Dividends for every 10 shares (RMB) (tax inclusive)	2.52
Number of shares converted for every 10 shares	0
Cash dividends (tax inclusive)	2,191,524,755.11
Net profit attributable to ordinary shareholders of the parent company in the consolidated statement for the year of dividend distribution	8,763,959,184.96
Proportion to the net profit attributable to ordinary shareholders of the parent company in the consolidated statement (%)	25.01
Amount of repurchase of shares in cash included in the cash dividends	0
Total dividends (tax inclusive)	2,191,524,755.11
Proportion of total dividends to the net profit attributable to ordinary shareholders of the parent company in the consolidated statement (%)	25.01

The Company will not allocate profit to the statutory reserve for 2023. Based on the total share capital registered on the equity registration date for equity distribution, a cash dividend of RMB2.52 (tax inclusive) for every 10 shares will be distributed to all shareholders; no bonus shares will be distributed; and no capital reserve will be converted to share capital.

Based on the total number of shares of the Company of 8,696,526,806 shares as of December 31, 2023, the total distributed profit is RMB2,191,524,755.11. If the Company's total share capital changes on the equity registration date for equity distribution, the Company will keep the total distribution unchanged and adjust the distribution per share accordingly.

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

Upon consideration and approval of the 2023 annual profit distribution plan at the 2023 annual general meeting of the Company, the Company will distribute the 2023 annual cash dividend before August 30, 2024. The Company will make separate announcement regarding the record date of such H Share dividend distribution, the period of closure of register of members, the equity registration date for A Share dividend distribution and the specific payment date.

In accordance with the Listed Companies Regulatory Guidance No. 3 – Cash Dividends Distribution of Listed Companies (《上市公司監管指引第3號—上市公司現金分紅》) issued by the CSRC, the resolution on the Authorization for 2024 Interim Profit Distribution was considered and approved at the third meeting of the eighth session of the Board, which proposed to the shareholders' general meeting to authorize the Board to make decisions on the 2024 interim profit distribution plan of the Company with the amount of not exceeding RMB880 million.

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

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

#### *Employee stock ownership scheme*

Summary of event	Reference
<p>The "Plan for Repurchasing A Shares of the Company by Centralized Bidding Transactions" was considered and approved at the 17th meeting of the sixth session of the Board, the 2019 first extraordinary general meeting, the 2019 first A Shareholders class meeting and the 2019 first H Shareholders class meeting of the Company. The Company intended to use all of the A Shares repurchased this time for the employee stock ownership scheme. The "Proposal for Employee Stock Ownership Scheme (Draft) of China Merchants Securities Co., Ltd. and its Summary" was considered and approved at the 25th meeting of the sixth session of the Board and the 2020 first extraordinary general meeting of the Company. The "Proposal on the Advanced Completion of A Share Repurchase of the Company" and the "Proposal on Defining the Price and Scale of Purchasing the Repurchased Shares of the Company's Employee Stock Ownership Scheme" were considered and approved at the 28th meeting of the sixth session of the Board and the 2020 first extraordinary general meeting of the Company, and the "Employee Stock Ownership Scheme (Draft) of China Merchants Securities Co., Ltd." and its summary were accordingly revised.</p>	<p>The relevant announcements published by the Company on the Hong Kong Stock Exchange website on March 12, March 13, April 11, May 20, October 15, November 8, December 26, 2019, January 14, January 15, January 22, March 5, July 6, August 18, 2020.</p>



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Summary of event	Reference
<p>The purpose of the employee stock ownership scheme of the Company is to (1) further improve the corporate governance structure, establish and enhance the benefit-sharing and risk-sharing mechanism among shareholders, the Company and its employees, promote the concept of common and sustainable development of the Company and individuals, and fully stimulate the enthusiasm of the senior management and key talents of the Company; (2) attract and retain outstanding talents and key employees, balance the long-term and short-term interests of the Company, and attract various talents more flexibly, so as to better promote the long-term, sustainable and sound development of the Company. Upon the implementation of the employee stock ownership scheme, the total number of shares held under the employee stock ownership scheme shall not exceed 10% of the total share capital of the Company, and the total number of shares held by any individual holder under the employee stock ownership scheme shall not exceed 1% of the total share capital of the Company.</p>	
<p>On January 21, 2020, the Company held the first meeting of holders of employee stock ownership scheme, and considered and approved the "Proposal on the Establishment of Employee Stock Ownership Scheme Management Committee of the Company" and the "Proposal on the Election of Members of the Employee Stock Ownership Scheme Management Committee of the Company".</p>	
<p>The participants of the employee stock ownership scheme are Directors, Supervisors, senior management, personnel at D-tier and above and other key employees who have entered into labor contracts with the Company and its wholly-owned subsidiaries.</p>	
<p>The Company engaged CMS Asset Management as the management authority for the employee stock ownership scheme, and signed the "CMS Asset Management – Asset Management Contract for Single Asset Management Scheme under the China Merchants Securities No. 1 Employee Stock Ownership Scheme" with CMS Asset Management on behalf of the employee stock ownership scheme. On March 6, 2020, the Company received the "Share Transfer Confirmation" issued by CSDC. On March 3, 2020, the Company completed the share transfer procedures for the employee stock ownership scheme. The employee stock ownership scheme holds 40,020,780 A Shares of the Company, accounting for 0.5974% of the total share capital of the Company, with a total of 995 participants.</p>	
<p>Upon the completion of the Company's A+H Shares rights issue from July to August 2020, the employee stock ownership scheme holds 52,026,381 A Shares of the Company, accounting for 0.5982% of the total share capital of the Company. As of the Latest Practicable Date, the employee stock ownership scheme held 19,267,693 A Shares of the Company, accounting for 0.22% of the total share capital of the Company.</p>	
<p>The subscription price under the employee stock ownership scheme is RMB16.5912 per share, which is determined based on the average price of the shares repurchased by the Company (including transaction fees) for the implementation of the employee stock ownership scheme. For details of the subscription price and its basis for the allotment of shares for the employee stock ownership scheme, please refer to the relevant announcements published by the Company on the Hong Kong Stock Exchange website on July 6 and August 18, 2020.</p>	
<p>The source of funds for the Company's employees to participate in the scheme is the legal salary of the employees and self-raised funds obtained by other means permitted by laws and administrative regulations.</p>	
<p>According to the "China Merchants Securities Employee Stock Ownership Scheme (Revised Draft)", the relevant shares under the Company's employee stock ownership scheme shall be locked up from the date on which the Company announced the completion of such share transfer (March 6, 2020) for a period of 36 months.</p>	
<p>The employee stock ownership scheme shall last for 10 years, commencing from the date on which its was approved at the shareholders' general meeting (i.e. January 15, 2020). The scheme can be extended upon consideration at the meeting of holders under the employee stock ownership scheme and submission to the Board for consideration and approval. If the employee stock ownership scheme expires and has not been effectively extended, the employee stock ownership scheme shall be automatically terminated. The remaining term of the employee stock ownership scheme is approximately 5.8 years.</p>	

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Shares under the employee stock ownership scheme were sold for the first time in May 2023, with a total of 24,094,488 shares sold and 27,931,893 shares unsold, and were sold for the second time in January 2024, with a total of 8,664,200 shares sold and 19,267,693 shares unsold. In addition, in 2023, none of the shares were granted, exercised, lapsed or cancelled. As at the date of this report, details of the shares granted under the employee stock ownership scheme are as follows:

Name/category of holder	Number of shares held (shares)
HUO Da	531,210
YIN Hongyan	204,311
WANG Jianping	102,156
CHEN Jun	102,156
Total of the five individuals with the highest total remuneration in 2023 (one of whom is Director)	1,348,456
Total of other employees	17,510,614

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

As of December 31, 2023, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations which would be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or interests or short positions which would be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange were as follows:

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

## Chapter 4: Corporate Governance Report

### (III) Appraisal system of senior management and the establishment and implementation of incentive mechanism during the Reporting Period

A performance bonus incentives system has been adopted under the current management framework, and the remuneration of the senior management of the Company is determined based on their position and performance. The payment of performance-based bonuses is determined by the Board with reference to the operating results of the Company. The Chairman and senior management of the Company are entitled to an individual performance bonus based on the appraisal results. The distribution proposal shall be confirmed after the Remuneration and Appraisal Committee under the Board issues written opinions thereon.

### XII. Establishment and Implementation of Internal Control System during the Reporting Period

The Company has established a comprehensive internal control system in accordance with relevant domestic and overseas laws and regulations as well as relevant regulations and rules on internal control promulgated by regulatory authorities, the Exchanges and other self-regulatory organizations. The Company has always established internal control covering pre-control, in-process control and post-control, which permeates all aspects of the Company's decision-making, execution, supervision and feedback throughout its business development, constantly improved system construction, strengthened the implementation of the system, and implemented supervision and inspection, so as to ensure the sustainable and stable development of the Company.

According to the evaluation results of internal control of the Company for 2023, the Company had no major defects in the internal control of financial reporting and non-financial reporting during the Reporting Period. The Company has established and effectively implemented a relatively comprehensive internal control mechanism, thereby achieving the overall goal of the Company's internal control.

### XIII. Development of Compliance Management System of the Company

#### (I) Establishment of compliance management system of the Company

The Company has established its five-level compliance management structure comprising the Board, senior management, Chief Compliance Officer, Legal and Compliance Department, and other departments, branches and subsidiaries at all levels. In 2023, each level duly performed its respective compliance management duties and maintained proper compliance level.

The Company continued to promote the construction of a compliance management system, further organized the implementation of new regulatory rules and properly conducted regulatory communication. It also carried out compliance management such as compliance consulting and review, compliance training promotion, compliance inspection, compliance tips and supervision, compliance risk treatment, compliance monitoring and anti-money laundering in accordance with the laws and regulations as well as rules of the Company. Meanwhile, the Company strengthened the identification and prevention of compliance risks, and continuously improved the compliance risk control mechanism. It followed up and interpreted laws, regulations and standards in a timely manner, and organized relevant departments to timely revise and refine internal rules and regulations, in order to implement new regulations and requirements, and effectively enhance the Company's internal control management. In addition, the Company newly formulated or revised twelve legal and compliance management policies, including the "Integrity Management System of China Merchants Securities Co., Ltd." (《招商證券股份有限公司誠信管理制度》), "Management System for Legal Disputes of China Merchants Securities Co., Ltd." (《招商證券股份有限公司法律糾紛案件管理制度》), "Rules and Regulations Management System of China Merchants Securities Co., Ltd." (《招商證券股份有限公司規章制度管理制度》) and "Management Measures of Money Laundering and Terrorism Financing Risk of China Merchants Securities Co., Ltd." (《招商證券股份有限公司洗錢和恐怖融資風險管理辦法》) to continuously improve the compliance management system. The Company strictly implemented the "Accountability Regulations for Cadre and Staff of China Merchants Securities Co., Ltd." (《招商證券股份有限公司幹部員工問責管理規定》), and established a sound compliance accountability system.

#### (II) Compliance inspections during the Reporting Period

In 2023, the Company stepped up its compliance inspections, actively carried out compliance inspections which focused on major regulatory concerns, high-risk areas and new businesses, and comprehensively identified the compliance risk and supervised the rectification. A total of 38 compliance inspections were carried out throughout the year, which ensured the standardized development of the Company's business.

## Chapter 4: Corporate Governance Report

### XIV. Management and Control on Subsidiaries during the Reporting Period

The Company conducts standardized management on its subsidiaries in accordance with the subsidiary management system. The Company's management of wholly-owned subsidiaries follows the basic principles of unified management, independent decision-making and standardized operation with high flexibility and efficiency. Each functional department of the Company conducts strategic management, human resources management, financial management and risk compliance management for subsidiaries according to the functional lines. In addition, the Company has also strengthened the internal management and control on subsidiaries through the Kingdee system, OA system and other management system software, so as to improve the operation and management on subsidiaries.

### XV. Relevant Issues Based on the Audit Report on Internal Control

For details of the audit report on internal control of the Company, please refer to the 2023 Audit Report on Internal Control of China Merchants Securities Co., Ltd. (《招商證券股份有限公司2023年度內部控制審計報告》) published on the Hong Kong Stock Exchange website for the same period of this report. The type of opinion on the internal control audit report: standard unqualified opinion.

### XVI. Progress of Audit

During the Reporting Period, the Company's audit and supervision work closely focused on the five implementation goals of stabilizing coverage, focusing on key points, strengthening internal control, discovering violations and improving quality and efficiency, and focused on forward-looking prediction and improvement of mechanisms to prevent risks from happening. In the development of audit projects, the Company conducted regular supervision on standardized operation, forward-looking prediction of risks, special supervision on key analysis and forward-looking improvement mechanism, deepened the sorting density of management nodes in the fields of information technology and transaction operation, and strengthened the investigation of illegal securities investment and illegal for-profit business activities. At the same time, combined with the Guidelines for Internal Audit Guidelines of Securities Companies (《證券公司內部審計指引》), the Company issued comprehensive amendments to rules and regulations, continued to explore the application of information technology, and promoted the high-quality and innovative development of audit supervision.

During the Reporting Period, the Company launched a total of 152 audit items of various types, in which 35 were related to audit and assessment of the headquarters and subsidiaries, comprehensively covering the Company's data and information security management, operation management, securities research, expense management, asset custody, derivative investment and bond business, asset management business (subsidiary), private equity investment business (subsidiary), overseas principal business (subsidiary) and other businesses and management areas, leading the completion of the effective self-assessment of the Company's internal control project. There were 116 audit items with the departure or resignation of the head of branches.

Through such internal audits, evaluation and follow-up supervision and rectification, major risks were revealed. The completeness, adequacy and effectiveness of internal control systems of each unit have been comprehensively coordinated and improved. The compliance and risk prevention awareness have also improved. The audit and supervision have contributed to the efficient development and strategic advancement of the Company, protected the Company's standardized and stable operation, and fully promoted the business and management of the Company to "improve quality and increase efficiency".

### XVII. Rectification of Issues Identified from Self-inspection of the Special Governance Action of Listed Companies

According to the planning of the CSRC, in 2021, the Company organized the self-inspection of the special governance action of listed companies. Upon self-inspection, the Company established and improved a relatively complete and reasonable corporate governance structure and internal control system in accordance with relevant laws, regulations, rules and systems such as the Company Law, the Corporate Governance Guidelines for Listed Companies, the Corporate Governance Guidelines for Securities Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The issues identified in the self-inspection, such as the extension of the Board and the Supervisory Committee and the failure of certain members of senior management to attend the shareholders' general meetings, have all been rectified in 2021. The Company will further enhance its corporate governance in accordance with laws and regulations, and continuously improve its quality of development.

### XVIII. Miscellaneous

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

The Company has adopted the Model Code as the code of conduct regarding the transactions of securities of the Company by all Directors and Supervisors. Having made specific inquiries, all Directors and Supervisors of the Company have confirmed that during the Reporting Period, they have strictly complied with the standards under the Model Code. The Company is not aware of any breach of the Model Code by the relevant employees. The Board will inspect the corporate governance and its operation from time to time, in order to comply with the applicable requirements under the Hong Kong Listing Rules and safeguard the interests of shareholders. Upon inquiry, all Directors, Supervisors and senior management have confirmed that they have strictly complied with the applicable requirements under the Model Code and the Management Rules on the Shares and Changes of Shareholdings of Directors, Supervisors and Senior Management in China Merchants Securities Co., Ltd. (《招商證券股份有限公司董事、監事和高級管理人員所持公司股份及其變動管理制度》). For details regarding the shareholdings of the Directors, Supervisors and senior management in the Company, please see "Change in shareholdings and remunerations of existing and resigned/retired Directors, Supervisors and senior management during the Reporting Period" in "Chapter 4: Corporate Governance Report" of this report.

## Chapter 4: Corporate Governance Report

### (II) 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 certified public accountants included in the audit report of this report, while each responsibility statement shall be interpreted separately.

The Board has confirmed that it took responsibility for the preparation of the annual report for the year ended December 31, 2023 of the Group.

The Board is responsible for presenting a balanced, clear and well-defined assessment on the annual and interim reports, price-sensitive information, and other matters that need to be disclosed according to the Hong Kong Listing Rules and other regulatory provisions. The management has provided relevant and necessary explanations and information for the Board so that the Board could make an informed assessment on the financial data and position of the Group for approval.

To the knowledge of the Directors, the Company does not face any events or situations of significant uncertainty that are likely to give rise to the significant doubt of the Company's capability of sustained operations. In addition, the Company has arranged appropriate insurance cover for the legal actions and liabilities to which the Directors, Supervisors and senior management may be exposed.

### (III) Joint company secretaries

Mr. LIU Jie and Ms. KWONG Yin Ping Yvonne are the joint company secretaries of the Company, whose appointments were made in April 2023 and April 2016, respectively, and became effective in April 2023 and October 2016, respectively. Mr. LIU Jie is vice president (chief financial officer), the secretary to the Board and the main contact person within the Company. Ms. KWONG Yin Ping Yvonne is a vice president of SWCS Corporate Services Group (Hong Kong) Limited. According to Rule 3.29 of the Hong Kong Listing Rules, for the year 2023, both Mr. LIU Jie and Ms. KWONG Yin Ping Yvonne have received over 15 hours of relevant professional training.

### (IV) Interests of shareholders

The shareholders' general meeting is the organ of the highest authority of the Company, and the shareholders exercise their rights through the shareholders' general meeting. The Company convenes and holds shareholders' general meetings in strict compliance with the relevant provisions of the Articles of Association and the Rules of Procedures for the Shareholders' General Meetings to ensure the equal status of all shareholders, in particular the minority shareholders, and enable them to exercise their rights completely.

According to Article 65 of the Articles of Association, shareholder(s) severally or jointly holding 10% or above shares of the Company for ninety (90) consecutive days or more shall be entitled to request the Board to convene an extraordinary general meeting, and shall put forward such request to the Board in writing. The Board shall, pursuant to relevant laws, laws, regulations, regulatory provisions, self-disciplinary rules, these Articles of Association and other relevant provisions, indicate its written feedbacks to the agreement or disagreement to the convening of the extraordinary general meeting within ten (10) days after receipt of the request. Where the Board agrees to convene the extraordinary general meeting, it will serve a notice of such meeting within five (5) days after the resolution is made by the Board. In the event of any change to the original request set forth in the notice, the consent of the relevant shareholder(s) shall be obtained. If the Board does not agree to convene the extraordinary general meeting or gives no feedback within ten (10) days after receipt of the request, shareholder(s) severally or jointly holding 10% or above shares of the Company for ninety (90) consecutive days or more shall be entitled to request the Supervisory Committee to convene an extraordinary general meeting, and shall put forward such request to the Supervisory Committee in writing. Where the Supervisory Committee agrees to convene the extraordinary general meeting, it will serve a notice of such meeting within five (5) days after the receipt of the said request. In the event of any change to the original request set forth in the notice, the consent of the relevant shareholder(s) shall be obtained. In the case of failure to issue the notice for the shareholders' general meeting within the prescribed period, the Supervisory Committee shall be deemed as failing to convene and preside over the shareholders' general meeting. As a result of its failure to do so, shareholder(s) severally or jointly holding 10% or above shares of the Company for ninety (90) consecutive days or more shall be entitled to convene and preside over such meeting by itself/themselves.

The Company pays high attention to the shareholders' opinions and advice, actively, eagerly and regularly carries out various investor relations activities to keep communication with shareholders and fulfill their reasonable requests timely. The Company has formulated a series of thorough rules and regulations such as the Administrative System Regarding Investor Relationship (《投資者關係管理制度》) to manage investor relationship in accordance with the standards, systems and procedures. The Company has formed good interaction and communication with the investors through various channels, such as investor briefings, investor telephone, the SSE e-Interaction platform, investor relations email, the special column for investor relations in the Company's website and reception of on-site researchers.

The Board welcomes the shareholders' advice and encourages shareholders to attend the shareholders' general meetings to ask the Board or management directly about any doubts they may hold. Shareholders may convene and hold extraordinary general meetings and submit temporary proposals to shareholders' general meetings according to the procedures set out in the Articles of Association, which has been published on the SSE website, the Hong Kong Stock Exchange website as well as the Company's website. The Company will arrange for the Board and the Management to answer shareholders' questions in its shareholders' general meeting.

According to Article 70 of the Articles of Association, the Board, the Supervisory Committee, and shareholder(s) severally or jointly holding 3% or above shares of the Company for one hundred and eighty (180) consecutive days or more shall be entitled to submit proposals to the Company at the shareholders' general meeting. Shareholder(s) severally or jointly holding 3% or above shares of the Company for one hundred and eighty (180) consecutive days or more shall have the right to submit a temporary proposal to the convener in writing ten (10) days prior to the holding of the shareholders' general meeting. The convener shall, within two (2) days after receipt of a proposal, issue a supplementary notice of the shareholders' general meeting, and announce the contents of the temporary proposal. Save for the circumstances specified above, the convener shall not amend the proposal set out in the notice of the shareholders' general meeting or add any new proposal after the said notice is announced.



## Chapter 4: Corporate Governance Report

### (V) Auditor's remuneration

For details of the auditor's remuneration of the Company, please refer to "Appointment and Removal of Accounting Firms" in "Chapter 6: Major Events" of this report.

### (VI) Relationship with investors

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

The Company has adopted the Shareholders Communication Policy with the aim of establishing mutual relationship and communication between the Company and its shareholders. The Company has established the following channels to communicate with its shareholders: (1) corporate communications such as annual reports, interim reports and circulars are available on the Hong Kong Stock Exchange website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website (<https://www.cmschina.com/>); (2) regular announcements published through the Hong Kong Stock Exchange which are available on the Hong Kong Stock Exchange website and the Company's website; (3) corporate information provided on the Company's website; (4) annual general meetings and extraordinary general meetings which provide a platform for shareholders to express their opinions and exchange views with the Directors and senior management; and (5) the Hong Kong branch share registrar and transfer office of the Company which provides services to shareholders in relation to share registration, distribution of dividends and related matters. The Company has reviewed the implementation and effectiveness of the Shareholders Communication Policy. The Board believes that the Shareholders Communication Policy has facilitated adequate communication with shareholders and that such policy is effective and adequate.

During the Reporting Period, the Company organized the analyst and investor telephone conferences on 2022 annual results and 2023 interim results and the online interactive briefing on 2022 annual results, 2023 interim results and 2023 third quarterly results on SSE Roadshow, and the 2023 investor online collective reception day for listed companies in Shenzhen. During the year, the Company made continuous and in-depth communications with a total of more than 400 person-times through various means such as the SSE e-Interaction platform, attendance at strategy meetings of securities companies, reception of researchers, investor hotlines and e-mail. The Company has recorded the above investor reception and communication activities in accordance with relevant regulatory requirements, and has properly kept relevant documents.

### (VII) Risk management and internal control

The Company has established internal audit functions, mainly including the independent and objective supervision, evaluation and recommendation on the Company's internal control, risk management, revenue and expenses and business activities. For details of the risk management of the Company, please refer to the relevant content of "Potential risks" in "Chapter 3: Report of the Board of Directors" of this report.

The Board and/or Risk Management Committee of the Company examine(s) and review(s) its risk management and internal control systems four times a year. The Company believes that, during the Reporting Period, the Group's risk management and internal control systems were adequate and effective.

For details of the internal control of the Company, please refer to the "2023 Internal Control Assessment Report of China Merchants Securities Co., Ltd." (《招商證券股份有限公司2023年度內部控制評價報告》) published on the Hong Kong Stock Exchange website for the same period of this report and "Establishment and Implementation of Internal Control System during the Reporting Period", "Development of Compliance Management System of the Company" and "Progress of Audit" in this chapter of this report.

### **(VIII) Management of inside information**

In accordance with regulations such as the Measures for the Administration of Information Disclosure by Listed Companies (《上市公司信息披露管理辦法》), Measures for the Administration of Information Disclosure of Corporate Credit Bonds (《公司信用類債券信息披露管理辦法》), Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and Self-regulatory Guidelines for Companies Listed on the Shanghai Stock Exchange No. 2 – Information Disclosure Management (《上海證券交易所上市公司自律監管指引第2號—信息披露事務管理》) promulgated by the CSRC as well as the actual circumstances of the Company, the Company formulated and amended regulations such as the Registration System for Persons with Inside Information of China Merchants Securities Co., Ltd. (招商證券股份有限公司內幕信息知情人登記制度), the Measures for the Administration of Information Disclosure of China Merchants Securities Co., Ltd. (《招商證券股份有限公司信息披露事務管理制度》) and the Management System on Investor Relations of China Merchants Securities Co., Ltd. (《招商證券股份有限公司投資者關係管理制度》) in a timely manner to establish an operational mechanism for the management of insider information.

The confidentiality and registration of inside information are regulated based on the Registration System for Persons with Inside Information (《內幕信息知情人登記制度》) to enhance the level of confidentiality and the management of insiders. According to the Measures for the Administration of Information Disclosure (《信息披露事務管理制度》), the content, procedure, management and responsibility of information disclosure are clarified; internal collection and management of major information are refined through the appointment of contact persons for internal reporting of major information at each of the departments, branches and subsidiaries; and timely collection and standard management of the Company's significant inside information are safeguarded. According to Management System on Investor Relations (《投資者關係管理制度》), information disclosure shall be made on a fair basis. The operating mechanism for managing inside information covers all key aspects of controlling inside information including the collection, circulation, verification, confidentiality and fair disclosure. The Company ensures the implementation of such mechanism by enhancing the training system, defining the duty requirements, upholding accountability and improving the awareness of information disclosure.

### **(IX) Amendments to the Articles of Association**

The Company amended the Articles of Association in January 2023 and January 2024, respectively. For details, please refer to the relevant announcements and/or circular published by the Company on the Hong Kong Stock Exchange website on December 19, 2022, December 21, 2022, January 12, 2023, December 14, 2023, December 28, 2023 and January 18, 2024.

# 05

## Environment and Social Responsibility



## Chapter 5: Environment and Social Responsibility

The Company recognizes the importance of adopting appropriate environmental and social policies, which are crucial to achieving corporate growth. For details of the Group's environmental and social policy performance and compliance with relevant laws and regulations that have a significant impact on the Group, please refer to the 2023 Environmental, Social and Governance Report published by the Company for the same period of this report on the Hong Kong Stock Exchange website.

### I. Information on Environmental Protection

Whether a mechanism related to environmental protection has been established	Yes
Amount invested in environmental protection during the Reporting Period (Unit: RMB10,000)	25

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

##### *Reasons for not disclosing other environmental protection information*

The Company has incorporated the concept of being green and low-carbon into its daily operations, and formulated energy-saving and environmental protection work plans, so as to reduce energy consumption, improve the utilization efficiency of resources and reduce waste emissions. The energy consumption and emissions from daily office work have a mild impact on the environment. For specific environmental data and management information, please refer to the 2023 Environmental, Social and Governance Report of China Merchants Securities Co., Ltd. disclosed on the Hong Kong Stock Exchange website for the same period of this report.

## Chapter 5: Environment and Social Responsibility

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

The Company has been committed to protecting the ecology, preventing pollution and promoting the concept of green development in multiple dimensions. Through various media within the Company, focusing on energy conservation and environmental protection, the Company has vigorously publicized the importance of environmental protection, energy conservation and emission reduction, educated employees about the guidelines, policies, laws and regulations related to energy conservation and consumption reduction, and popularized tips for energy conservation and emission reduction. Outside the Company, through the official WeChat official account, the Company has carried out a series of promotions on “carbon neutrality” to convey the concept of sustainable development.

Actively responding to the relevant requirements of the Administrative Regulations on Domestic Garbage Sorting of Shenzhen (《深圳市生活垃圾分類管理條例》) promulgated by the Shenzhen Municipal Government, the Company has implemented measures of disposing garbage upon classification in a standardized manner. Dedicated garbage collection stations have been set up on each floor of China Merchants Securities Building to ensure that all garbage is effectively sorted and recycled. Harmful garbage such as batteries is regularly cleaned up by the urban management bureau’s cleaning and transportation unit, and domestic garbage is entrusted to a specially qualified company for recycling, and kitchen garbage is recycled.

The Company organized and carried out a number of ecological and environmental protection public welfare activities, such as riverbank and coastal beach cleaning in many places of operation, organized voluntary tree planting activities, and participated in the “red envelope recycling and reuse campaign” organized by the “Greeners Action” to encourage employees and their relatives and friends to reuse and recycle red envelopes for recycling purpose.

The Company has vigorously developed green finance, with an aim to achieve the goal of “emission peak and carbon neutrality”. During the Reporting Period, the Company assisted relevant companies to complete equity project financing and issuance of green bonds, with the amount underwritten totaling RMB19.663 billion and the bonds issued totaling RMB133.596 billion. In addition, the Company acted as the sole financial advisor for one of the first new energy REITS and the first photovoltaic public offering REITS in China with an issuance amount of RMB2.935 billion, the underlying assets of which are two centralized photovoltaic power stations of Beijing Energy International Holding Co., Ltd. (北京能源國際控股有限公司) in Yulin, Shaanxi (300 MW) and Suizhou, Hubei (100 MW), respectively. Since the operation of the two projects, a total of 2.67 billion kWh of electricity has been generated, and a total of approximately 2.664 million tonnes of carbon dioxide has been reduced while realizing economic benefits.

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

Whether measures for reducing carbon emissions have been taken	Yes
Carbon dioxide equivalent emissions reduced (Unit: tonne)	248.83
Types of measures for reducing carbon emissions (e.g. using clean energy to generate electricity, using carbon reduction technologies in the business process, developing and manufacturing new products that reduce carbon emissions, etc.)	Carbon reduction technologies have been used in the production process

#### *Specific description*

During the year, the Company actively promoted green and low-carbon travel and achieved significant carbon reduction results. The Company encouraged and advocated low-carbon travel, improved the efficiency of corporate office vehicles, and procured vehicles meeting National VI standard (environmental protection requirements) or electric vehicles, which effectively reduced the consumption of gasoline and diesel in vehicles, and reduced greenhouse gas emissions by approximately 248.83 tonnes year-on-year, representing a decrease of 25.6%.

In addition, the Company advocates low-carbon and environmental-friendly operation and working methods, and is committed to integrating the concept of green and low-carbon development into the whole process of daily operation and management so as to strive to reduce the impact of various business activities on the environment. It digs deep into the potential of green development from the daily office level of the enterprise, improves energy conservation and environmental protection measures, and organizes a variety of green environmental protection activities to enhance the efficiency of resource use and the environmental awareness of employees.

The Company has made continued efforts to improve energy-saving and environmental protection facilities in the office workplace, and strengthen the management of energy and water consumption. The Company has applied an ice storage system which stores ice during off-peak hours at night and uses the stored cooling energy during the peak hours during the day, so as to reduce electricity costs and energy consumption. When there are no vehicles at night, the Company turns off part of the parking lot lights to maintain only the necessary basic lighting in order to further save energy. The Company reasonably sets the temperature of the office air conditioner, and adjusts the number, opening time and cooling temperature of the air conditioner in a timely manner according to seasonal changes and climatic conditions to reduce energy consumption. The employees will turn off lights in areas such as offices and meeting rooms after the end of the weekday and ensures that lights are turned off on overtime floors when no one is around. It adjusts the amount of water coming out of the basin faucet to reduce unnecessary water waste. The Company reduces the frequency of paper documents issued and faxed, and advocates the use of online OA office system, in which the process is mainly circulated through the OA system.

## Chapter 5: Environment and Social Responsibility

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

### II. Performance of Social Responsibilities

#### (I) Whether a social responsibility report, sustainable development report or ESG report has been disclosed separately

For details, please refer to the 2023 Environmental, Social and Governance Report disclosed on the Hong Kong Stock Exchange website by the Company for the same period of this report.

#### (II) Details of social responsibility work

Currency: RMB

External donations and public welfare projects	Amount/Content	Description
Total investment (in RMB10,000)	109.723	–
Of which: monies (in RMB10,000)	12	–
Supplies (in RMB10,000)	97.723	Earthquake relief materials
Number of people benefited	–	–

#### Specific description

1. The Company donated RMB120,000 to the Yibaifen Social Work Development Center (益百分社會工作發展中心) in Nanshan District, Shenzhen. The donation was specially used to carry out the summer camp project themed “CM Love for Growing Together” (招有愛共成長) by China Merchants Group and Weining Yucai Primary School (威寧育才小學). The project invited 12 children from Guizhou Weining Yucai Primary School to come to Shenzhen for research and exchange, with an aim to broaden their horizons, expand their knowledge in practice, and guide them to transform what they have seen and heard into the driving force for rural revitalization in the future.
2. On December 18, 2023, a 6.2 magnitude earthquake struck Jishishan County, Linxia Prefecture, Gansu Province. After the earthquake, the Company timely arranged and urgently purchased cold and emergency supplies. At 3 a.m. on December 23, nearly RMB1 million of relief materials arrived at the earthquake-stricken areas in Jishishan County, Linxia Prefecture, Gansu Province, to help transfer and resettle, rescue and comfort the people afflicted.

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

Currency: RMB

Poverty alleviation and rural revitalization projects	Amount/Content	Description
Total investment (in RMB10,000)	884.15	–
Of which: monies (in RMB10,000)	884.15	–
Supplies (in RMB10,000)	–	–
Number of people benefited	–	–
Form of assistance (e.g. Poverty alleviation through industry, employment, education, etc.)	Poverty alleviation through finance, education, enlightenment and consumption	–

#### Specific description

##### (I) Poverty alleviation through finance

1. The Company underwrote 2 rural revitalization financial bonds of RMB3.35 billion, namely the “2023 ‘Three Rural Issues’ special financial bonds of China Merchants Bank Co., Ltd.” and the “2023 ‘Three Rural Issues’ special financial bonds of Agricultural Bank of China Limited”, helping banks to increase capital investment and drive more “financial vitality” (金融活水) to serve rural revitalization; underwrote RMB500 million of “2023 non-public issuance of rural revitalization special corporate bonds (second tranche) to professional investors of Xinjiang Zhongtai Group” to promote the development of Xinjiang’s cotton industry, help Zhongtai Group’s upstream enterprises to invest in agriculture, and strongly support the implementation of the rural revitalization strategy in Xinjiang.
2. The Company seized the opportunity of the “insurance + futures” pilot projects of the Zhengzhou Commodity Exchange, and donated RMB1.3 million to the governments of Maigaiti County, Xinjiang Uygur Autonomous Region and Jingning County, Gansu Province, specifically for the local governments to carry out the “insurance + futures” projects of red dates in Maigaiti County and apples in Jingning County, which effectively helped farmers manage the price fluctuations of agricultural products, stabilize income, and consolidate the results of local poverty alleviation.

##### (II) Poverty alleviation through charity

1. The Company continued the “Ayi Tudou” (阿依土豆) – Delipu Primary School Teaching Support Project (得力鋪小學支教項目), and donated RMB357,400 to Chongqing Star Support Foundation (重慶市星星幫扶基金會, now renamed “Chongqing Xing’an Assistance Foundation”, 重慶市興安幫扶基金會). Supported by the Company, Delipu Primary School has 8 teachers and basically complete facilities as compared with the lack of teachers and facilities in the past, and carries out monthly themed activities in school, and companionship activities in each class to help students grow happily. The teaching environment, teaching quality, and learning conditions have been qualitatively improved.
2. The Company continued to organize and carry out teaching and education support activities among young employees to impart diversified knowledge to children in remote areas to enrich their knowledge. The Company identified Nimalong Wanquan Primary School (尼瑪龍完全小學) in



## Chapter 5: Environment and Social Responsibility

Xiahe County, Gansu Province as a teaching point, and two groups of 8 young teaching groups were successively dispatched to Nimalong Wanquan Primary School to offer a one-month teaching. The members of the teaching group overcame many difficulties such as the severe cold climate, altitude sickness, and language barriers in Gannan area, and devoted themselves to the teaching activities. In aspects of daily teaching, special activities, improving the school living environment, and promoting students' physical and mental growth, they carefully made plans and took positive actions, won unanimous praise from teachers and students. At the same time, the Company donated RMB39,000 for painting the walls of the teaching building to improve the teaching environment, and also donated a batch of school supplies worth RMB40,000.

3. On the basis of the original 7 "Dream Centers" (夢想中心) in Neixiang County, an additional RMB500,000 was donated to build "Dream Centers" in 5 schools, with an aim to actively explore and promote better educational opportunities for teenagers in underdeveloped areas.
4. The Company actively participated in the Chongqing Charity Federation's "Solar Street Lamp Installation Project in Shiliang Village, Dashi Township, Dianjiang County" (墊江縣大石鄉石良村太陽能路燈安裝項目), and donated RMB250,000. The project installed 345 solar street lamps for the community road and household road in Shiliang Village, effectively solved the problem of night travel for 512 households in Shiliang Village, and did practical things for the people.
5. The Company continued to the "Longjiang Securities Charity Fund – Dream Center" (龍江證券愛心基金-夢想中心項目), and donate RMB12,000 to the Securities Association of Heilongjiang to establish a "Dream Center" for Shuangyashan City, Heilongjiang Province.

### **(III) Poverty alleviation through enlightenment**

In order to improve the financial capital professional knowledge of the leading cadres of various functional departments of the Ganzhou Municipal Government and the heads of local enterprises, the Company donated RMB450,000 to the Ganzhou Financial Poverty Alleviation Foundation (贛州市金融扶貧基金會) to specially fund the People's Government of Ganzhou Municipality to carry out the "2023 Ganzhou Financial Talent Special Training" (2023年贛州市『百千萬』金融人才專題培訓). The Company worked with the China Capital Market Institute in Shenzhen to make arrangements for the teaching content and teachers of this training, so as to provide favorable support for the leading cadres of Ganzhou Municipal Government and entrepreneurs to use financial tools and financial means to promote the economic development of the county.

### **(IV) Poverty alleviation through consumption**

With the support of the All-China Federation of Trade Unions' consumption support policy, the trade union of the Company actively contacted the key rural supply and marketing cooperatives, the e-commerce platform offering products for poverty alleviation, and the agricultural support platform of China Merchants Group to purchase agricultural products in the support areas. Therefore, on the one hand, the trade union employees could purchase safe and reliable agricultural products, and on the other hand, through the "trade union promoting rural revitalization", the Company helped the areas to expand the sales channels of agricultural products and increase farmers' income. During the Reporting Period, the cumulative purchase amount this year has reached RMB5.6931 million.

At the same time, the Company reached a purchase intention with Neixiang Juai Food Materials (內鄉聚愛食材) and Shitai County Rural Revitalization Industry Development Co., Ltd. (石台縣鄉村振興產業發展有限公司) to purchase RMB100,000 of agricultural and sideline products for the Company's staff canteen.

# 06

## Major Events



# Chapter 6: Major Events

## I. Performance of Undertakings

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

Background	Type	Party(ies)	Details	Effective time	Whether the undertakings have a performance deadline	Validity period	Whether the undertakings have been strictly performed in a timely manner	Reason for not performed in a timely manner	Follow-up actions, in case of undertakings not performed in a timely manner
	To resolve horizontal competition	Jisheng Investment	Jisheng Investment has undertaken that it will not engage in any business which competes directly with the existing principal businesses of the Company and its subsidiaries (whether wholly-owned or not) in accordance with laws and administrative regulations.	Upon the public offering and listing of the A Shares of the Company, and as long as Jisheng Investment is a shareholder of the Company.	Yes	Yes	-	-	To resolve horizontal competition
Undertaking related to the initial public offering	To resolve horizontal competition	China Merchants Group	China Merchants Group has undertaken that it and the legal entities beneficially controlled by it will not establish new securities companies or control other securities companies through acquisition in the PRC. For businesses of the same or similar nature to securities companies engaged by the non-securities companies controlled by China Merchants Group, the Company will make sufficient disclosure in accordance with laws upon the public offering and listing of the shares of the Company. China Merchants Group shall not harm the interests of the Company and other shareholders by virtue of its role of de facto controller of the Company.	Upon the public offering and listing of the A Shares of the Company, and as long as China Merchants Group is the de facto controller of the Company.	Yes	Yes	-	-	To resolve horizontal competition

Background	Type	Party(ies)	Details	Effective time	Whether the undertakings have a performance deadline	Validity period	Whether the undertakings have been strictly performed in a timely manner	Reason for not performed in a timely manner	Follow-up actions, in case of undertakings not performed in a timely manner
	To resolve horizontal competition	CM Financial Holdings	CM Financial Holdings has undertaken that it and other entities controlled by it will not engage in any business which competes with the businesses of the Company.	As long as CM Financial Holdings is the controlling shareholder of the Company.	Yes	Yes	-	-	To resolve horizontal competition
Undertaking related to refinancing	Others	China Merchants Group, CM Financial Holdings	They have undertaken not to interfere in the operation and management activities of the Company beyond the authority; not to encroach upon the interests of the Company; not to deliver interests to other units or individuals free of charge or under unfair conditions, nor damage the interests of the Company by other means; if the CSRC makes other new regulatory provisions on remedial measures and their undertakings before the completion of the rights issue, and the aforesaid undertakings fail to meet such provisions of the CSRC, additional undertakings will be given in accordance with the latest provisions of the CSRC; in case of any loss caused to the Company or other shareholders due to violation of the aforesaid undertakings or refusal to perform the aforesaid undertakings, they shall be liable for compensation to the Company or other shareholders according to the laws.	As long as China Merchants Group is the de facto controller of the Company; as long as CM Financial Holdings is the controlling shareholder of the Company.	Yes	Yes	-	-	Others
Other undertakings to minority shareholders	Others	China Merchants Group, China Ocean Shipping	When there is unusual price movement in the shares of the Company, they will not reduce their shareholdings in the Company and will increase their shareholdings in accordance with laws when appropriate.	When there is unusual price movement in the shares of the Company.	Yes	Yes	-	-	Others

## Chapter 6: Major Events

### II. Appointment and Removal of Accounting Firms

Unit: 10,000 Yuan Currency: RMB

	Currently appointed
Name of domestic accounting firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration of domestic accounting firm	2,365 thousand
Term of appointment of domestic accounting firm	6 years
Name of the certified public accountants of domestic accounting firm	CHEN Xiaoying (陳曉瑩) and ZHOU Hanlin (周瀚林)
Accumulated years of audit services provided by the certified public accountants of domestic accounting firm	CHEN Xiaoying (one year), ZHOU Hanlin (three years)
Name of international accounting firm	Deloitte Touche Tohmatsu (Registered Public Interest Entity Auditor)
Remuneration of international accounting firm	1,480 thousand
Term of appointment of international accounting firm	6 years

	Name	Remuneration
Accounting firm for internal control and auditing	Deloitte Touche Tohmatsu Certified Public Accountants LLP	350 thousand

#### Description of appointment and removal of accounting firms

The Company has continued to engage Deloitte (including Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu) as the auditors for the Company's financial reports and internal control for the year 2023. Deloitte has been providing annual audit services for the Company for six consecutive years since 2018.

In 2023, Deloitte provided the Company with non-audit services, i.e. Hong Kong tax services, R&D expenses tax super deduction, and IT R&D process reform and optimization services. The expenses of such services amounted to RMB1.3641 million.

### III. Material Litigations or Arbitrations

**There were no material litigations or arbitrations during the year**

Certain investors of China Security Co., Ltd. (中安科股份有限公司) (hereinafter referred to as “China Security”) commenced litigations against China Security and its directors, and its subsidiary, China Security & Fire Technology Co., Limited (中安消技術有限公司) (hereafter referred to as “China Security & Fire Technology”) and intermediaries such as the Company, respectively, in the Shanghai Financial Court for civil compensation regarding relevant investment losses caused by false statements in the securities market, claiming China Security to compensate for their losses and bear the litigation expenses and requesting China Security & Fire Technology, directors and relevant personnel of China Security and relevant intermediaries to be jointly liable for the losses. On May 18, 2021, the Higher People’s Court of Shanghai made second trial judgments on the model cases involving two investors, ordering the Company to bear joint liability within the scope of 25% for the total losses of RMB228 thousand payable by China Security to the two investors. Moreover, as China Security changed its registered address to Wuhan in December 2021, the competent court for such series of subsequent cases has been changed to the Wuhan Intermediate People’s Court. As of March 27, 2024, in addition to the two investors in the above cases, the Company received litigation materials and notices of a total of 6,369 investors from the Shanghai Financial Court. Among which, the Shanghai Financial Court made first trial judgments on the cases involving 6,339 investors (including the two investors in the above cases), ordering the Company to bear joint liability within the scope of 25% for the losses of RMB893.7034 million payable by China Security to the investors. The Company received litigation materials and notices of a total of 1,685 investors from the Wuhan Intermediate People’s Court. Among which, the Wuhan Intermediate People’s Court made first trial judgments on the cases involving 1,670 investors, ordering the Company to bear joint liability within the scope of 25% for the losses of RMB256.5741 million payable by China Security to the investors.

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

1. In June 2023, the Company received the Decision of the CSRC Shenzhen Office on Taking Measures to Issue Warning Letter to China Merchants Securities Co., Ltd. (《深圳證監局關於對招商證券股份有限公司採取出具警示函措施的決定》) issued by the CSRC Shenzhen Office, which stated that the Company had the following issues in the publication of securities research reports: (i) the market impact assessment mechanism is imperfect, with insufficient market impact assessment on certain research reports and inadequate management of upgrade review; (ii) there is insufficient effectiveness of internal control management in terms of analyst research activity management, customer services, public speeches, etc.; and (iii) the production of certain research reports is imprudent, with circumstances where the content is not expressed rigorously, the referenced information is not indicated, the source of data is improperly disclosed, the signature of research report is not standardized, etc. and took administrative supervision measures to issue a warning letter to the Company. The Company has taken corresponding remedial measures.

## Chapter 6: Major Events

2. In November 2023, the Company received the Decision of the CSRC Shenzhen Office on Taking Measures to Issue Warning Letter to China Merchants Securities Co., Ltd. (《深圳證監局關於對招商證券股份有限公司採取出具警示函措施的決定》) issued by the CSRC Shenzhen Office, which stated that the Company had the following issues in the publication of securities research reports: (i) the upgrade review mechanism is imperfect; (ii) the production of certain research reports is imprudent, and (iii) the management of research WeChat public accounts is not standardized, and took administrative supervision measures to issue a warning letter to the Company. The Company has taken corresponding remedial measures.
3. In December 2023, the Yantai Laizhou City Fuqian Street securities branch of the Company received the Decision on Taking Measures to Issue Warning Letter to Yantai Laizhou City Fuqian Street Securities Branch of China Merchants Securities Co., Ltd. (《關於對招商證券股份有限公司煙台萊州市府前街證券營業部採取出具警示函措施的決定》) issued by the CSRC Shandong Office, which stated that the Yantai Laizhou City Fuqian Street securities branch of the Company had issues including the lack of effective separation of marketing and compliance risk control positions in the business department, and inadequate integrity management, and took administrative supervision measures to issue a warning letter to the securities branch. The Company has taken corresponding remedial measures.
4. In January 2024, the Company received the Decision on Taking Measures to Issue Warning Letter to China Merchants Securities Co., Ltd. (《關於對招商證券股份有限公司採取出具警示函措施的決定》) issued by the CSRC Anhui Office, which stated that the Company failed to supervise the issuer's proper management of raised funds, and continuously track and supervise the issuer's performance of the temporary reporting obligations related to information disclosure in terms of the trustee management of "15 Cheng Liu Ju" (15城六局) bonds, and took administrative supervision measures to issue a warning letter to the Company. The Company has taken corresponding remedial measures.

5. In February 2024, the Shenzhen Nanshan Nanyou Avenue securities branch of the Company received the Decision of the CSRC Shenzhen Office on Taking Measures to Issue Warning Letter to Shenzhen Nanshan Nanyou Avenue Securities Branch of China Merchants Securities Co., Ltd. (《深圳證監局關於對招商證券股份有限公司深圳南山南油大道證券營業部採取出具警示函措施的決定》) issued by the CSRC Shenzhen Office, which stated that the Shenzhen Nanshan Nanyou Avenue securities branch of the Company had the following issues: (i) some practitioners privately entrusted others to solicit clients from 2021 to 2022, and (ii) it failed to properly handle investor complaints and disputes in a timely manner, and took administrative supervision measures to issue a warning letter to the securities branch. The Company has taken corresponding remedial measures.
6. On February 9, 2024, the CSRC and the CSRC Shenzhen Office announced the results of the penalties imposed on a number of practitioners of China Merchants Securities for stock trading and other violations: administrative penalties were imposed on 63 persons, with penalties including ordering the disposal of illegally held securities, confiscating illegal gains, imposing fines, etc., and one person was subjected to a lifetime ban on entry into the securities market; and 46 persons were subjected to administrative and supervisory measures, with penalties including being recognized as an inappropriate person, supervisory conversations, and the issuance of a warning letter.

On the same day, the CSRC Shenzhen Office announced the Decision of the CSRC Shenzhen Office on Ordering China Merchants Securities Co., Ltd. to Increase the Number of Internal Compliance Inspections (《深圳證監局關於對招商證券股份有限公司採取責令增加內部合規檢查次數措施的決定》), the Decision of the CSRC Shenzhen Office on Taking Measures to Issue Warning Letter to HUO Da (《深圳證監局關於對霍達採取出具警示函措施的決定》), and the Decision of the CSRC Shenzhen Office on Taking Regulatory Interview Measures against ZHAO Bin and HU Yu (《深圳證監局關於對趙斌、胡宇採取監管談話措施的決定》). The documents of the CSRC Shenzhen Office stated that several employees of the Company borrowed other people's securities accounts to trade stocks, privately accepted the entrustment of clients to trade stocks, and entrusted others to trade stocks, and had other violations of laws and regulations mainly before 2021. The relevant issues reflected the Company's inadequate compliance and internal control management. The Company and the aforesaid persons bear the management responsibilities for these.

As to violations by our employees with respect to trading of shares, the Company has taken a series of strengthened control measures since 2021, such as reinforcing warning education, improving management system, strengthening monitoring and inspection, and tightening accountability assessment. Through enhancing control system in a comprehensive way, the Company has continuously improved the management system and mechanism on securities investment behavior of securities practitioners, investigated and dealt with historical problems and plugged loopholes in a timely manner, and fundamentally contained and prevented the risks of practitioners' illegal securities trading. In the next step, the Company will continue to adhere to the principle of "zero tolerance", strengthen the ideological education of employees, establish the cultural concept of honesty and trustworthiness and legal compliance, and resolutely curb the occurrence of violations by practitioners with respect to trading of shares.

Save as disclosed above, there is no other relevant information that needs to be brought to the attention of the shareholders of the Company.



## Chapter 6: Major Events

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

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

### VI. Material Connected Transactions

#### Continuing connected transactions

We entered into the Securities and Financial Products, Transactions and Services Framework Agreement with China Merchants Group on May 27, 2022, and the Administrative Procurement Framework Agreement (the “2022 Administrative Procurement Framework Agreement”) and the Property Leasing Framework Agreement (the “2022 Property Leasing Framework Agreement”, together with other framework agreements, the “Framework Agreements”) with China Merchants Group on March 27, 2022. Of which, the term of the Securities and Financial Products, Transactions and Services Framework Agreement shall commence from November 29, 2022 until December 31, 2024; the term of the 2022 Administrative Procurement Framework Agreement shall commence from March 27, 2022 until December 31, 2024; and the term of the 2022 Property Leasing Framework Agreement shall commence from March 27, 2022 until December 31, 2026. Pursuant to the Framework Agreements, the Company and China Merchants Group and/or its associates agreed that (i) they shall provide securities and financial products and transactions to each another, and the Group shall provide financial services to China Merchants Group and/or its associates, in their respective ordinary course of business based on normal commercial terms and market practices at prevailing market prices or rates; (ii) the Group shall procure various administrative office supplies and administrative comprehensive services related to its daily business activities from China Merchants Group and/or its associates in its ordinary course of business; and (iii) China Merchants Group and/or its associates shall lease properties to the Group in its ordinary course of business. For details, please refer to the announcements of the Company dated March 27, 2022 and May 27, 2022, respectively, circular of the Company dated November 9, 2022 and announcement of poll results of the Company dated November 29, 2022.

We entered into the Securities and Financial Products, Transactions and Services Framework Agreement (the “COSCO Shipping Framework Agreement”) with China COSCO Shipping Corporation Limited (“COSCO Shipping”) on May 27, 2022 for a term commencing from November 29, 2022 until December 31, 2024. Pursuant to the COSCO Shipping Framework Agreement, the Company and COSCO Shipping and/or its associates agreed that they shall provide securities and financial products and transactions to each another, and the Group shall provide financial services to COSCO Shipping and/or its associates, in their respective ordinary course of business based on normal commercial terms and market practices at prevailing market prices or rates.

China Merchants Group is the controlling shareholder of the Company. Under the Hong Kong Listing Rules, China Merchants Group and its associates are connected persons of the Company.

COSCO Shipping became a substantial shareholder of the Company in July 2020. Under the Hong Kong Listing Rules, COSCO Shipping and its associates are connected persons of the Company.

## (I) Continuing connected transactions between the Company and China Merchants Group and/or its associates

## A. Securities and financial products and transactions

**Reasons for the transactions**

We conduct securities and financial transactions with China Merchants Group and/or its associates in our ordinary course of business from time to time. Such transactions can generate cost synergies by integrating the advantageous resources of the Group and China Merchants Group and/or its associates, thereby enhancing the Group's profitability and strengthening the Group's leading position in the securities industry. The estimated annual caps of the total inflow and total outflow of the securities and financial products and transactions contemplated under the Framework Agreement for the three years ending December 31, 2024 are as follows:

Securities and financial products and transactions	RMB million		
	2022	2023	2024
Inflow	2,900	7,500	7,500
Outflow	2,500	11,660	11,670

- (1) "Inflow" represents our total cash inflow from the sale/trading of fixed-income products, equity products and derivative products to/with and/or borrowing/repurchase from financing transactions with China Merchants Group and/or its associates.
- (2) "Outflow" represents our total cash outflow from the purchase/trading of fixed-income products, equity products and derivative products from/with and/or lending/resale from financing transactions with China Merchants Group and/or its associates.

**Historical figures**

For the year ended December 31, 2023, the Group had securities and financial products transactions with China Merchants Group and/or its associates, with a total cash inflow of RMB1,059 million and a total cash outflow of RMB5,107 million. Such amounts were below the caps for 2023.

## Chapter 6: Major Events

### B. Financial services

#### Reasons for the transactions

In our ordinary course of business, we provide various financial services to our clients, which include China Merchants Group and its associates. Such transactions can generate cost synergies by integrating the advantageous resources of the Group and China Merchants Group and/or its associates, thereby enhancing the Group's profitability and strengthening the Group's leading position in the securities industry. Due to their business needs and our expertise and professional capabilities, we had been engaged by China Merchants Group and/or its associates to provide financial services including (but not limited to) (i) underwriting and sponsorship services; (ii) other investment banking services; and (iii) other financial services from time to time. The estimated annual caps of the financial services (insofar as an annual cap is required to be set for that service) to be provided under the Framework Agreement for the three years ending December 31, 2024 are as follows:

	RMB million		
Financial services	2022	2023	2024
Income generated by us	70	92	95

#### Historical figures

As at December 31, 2023, the Group provided securities and financial services to China Merchants Group and/or its associates and generated income of RMB63.39 million, which was below the annual cap of 2023.

Details of the above continuing connected transactions are set out in "Note 60 to the consolidated financial statements" in this report.

### C. Administrative procurement

#### Reasons for the transactions

We conduct administrative procurement with China Merchants Group, our controlling shareholder, and its associates from time to time in our ordinary course of business. Such transactions can generate synergies by integrating the strengths of the Group and China Merchants Group and/or its associates, thereby reducing the Group's overall operating costs and overheads to further enhance its profitability and the Group's leading position in the securities industry. The estimated annual caps of the administrative procurement contemplated under the Framework Agreement for the three years ending December 31, 2024 are as follows:

Transaction	RMB million		
	2022	2023	2024
Administrative procurement	83	92	108.5

Note: As considered and approved at the thirty-ninth meeting of the seven session of the board of directors of the Company on December 14, 2023, the annual transaction caps for the connected transactions between the Company and its subsidiaries and China Merchants Group and its associates in respect of administrative procurement for the years 2023 and 2024 have been adjusted from RMB86.0 million and RMB90.0 million to RMB92.0 million and RMB108.5 million, respectively. For details, please refer to the announcement published by the Company on the Hong Kong Stock Exchange website on December 14, 2023.

#### Historical figures

For the year ended December 31, 2023, the administrative procurement between the Group and China Merchants Group and its associates from time to time amounted to RMB89.59 million, which was below the annual cap of 2023.

## Chapter 6: Major Events

### D. Property leasing

#### Reasons for the transactions

We conduct property leasing with China Merchants Group, our controlling shareholder, and its associates from time to time in our ordinary course of business. Such transactions can generate synergies by integrating the strengths of the Group and China Merchants Group and/or its associates, thereby reducing the Group's overall operating costs and overheads to further enhance its profitability and the Group's leading position in the securities industry. The estimated annual caps of the property leasing contemplated under the Framework Agreement for the five years ending December 31, 2026 are as follows:

Transaction	RMB million				
	2022	2023	2024	2025	2026
Property leasing (the rental expenses and related comprehensive property management fees to be paid by the Group to China Merchants Group and/or its associates/the total value of right-of-use assets of properties to be leased from China Merchants Group and/or its associates)	116.28	116.38	116.44	116.63	124.54

#### Historical figures

For the year ended December 31, 2023, the rental expenses and related comprehensive property management fees paid by the Group to China Merchants Group and/or its associates and the total value of right-of-use assets of properties leased from China Merchants Group and/or its associates in relation to the property leasing between the Group and China Merchants Group and its associates from time to time amounted to RMB110.25 million, which was below the annual cap of 2023.

**(II) Continuing connected transactions between the Company and COSCO Shipping and/or its associates****A. Securities and financial products and transactions****Reasons for the transactions**

We conduct securities and financial transactions with COSCO Shipping and/or its associates in our ordinary course of business from time to time. Such transactions can give full play to the resource advantages of the Group and COSCO Shipping and enhance the market competitiveness of the cooperative business between the two parties. The transactions under the agreement can facilitate the provision of comprehensive and high-quality services for both parties and their clients. The estimated annual caps of the total inflow and total outflow of the securities and financial products and transactions contemplated under the Framework Agreement for the three years ending December 31, 2024 are as follows:

Securities and financial products and transactions	RMB million		
	2022	2023	2024
Inflow	600	1,600	1,600
Outflow	800	3,650	3,660

- (1) "Inflow" represents our total cash inflow from the sale/trading of fixed-income products, equity products and derivative products to/with and/or borrowing/repurchase from financing transactions with COSCO Shipping and/or its associates.
- (2) "Outflow" represents our total cash outflow from the purchase/trading of fixed-income products, equity products and derivative products from/with and/or lending/resale from financing transactions with COSCO Shipping and/or its associates.

**Historical figures**

As at December 31, 2023, the Group had securities and financial products transactions with COSCO Shipping and/or its associates, with a total cash inflow of RMB0.1858 million and a total cash outflow of RMB555 million. Such amounts were below caps for 2023.

## Chapter 6: Major Events

### B. Financial services

#### Reasons for the transactions

In our ordinary course of business, we provide various financial services to our clients, which include COSCO Shipping and/or its associates. Such transactions can give full play to the resource advantages of the Group and COSCO Shipping and enhance the market competitiveness of the cooperative business between the two parties. The transactions under the agreement can facilitate the provision of comprehensive and high-quality services for both parties and their clients. Due to their business needs and our expertise and professional capabilities, we had been engaged by COSCO Shipping and/or its associates to provide financial services including (but not limited to) (i) underwriting and sponsorship services; (ii) other investment banking services; and (iii) other financial services from time to time. The estimated annual caps of the financial services (insofar as an annual cap is required to be set for that service) to be provided under the Framework Agreement for the three years ending December 31, 2024 are as follows:

Financial services	RMB million		
	2022	2023	2024
Income generated by us	7	71.2	71.5

#### Historical figures

As at December 31, 2023, the Group provided securities and financial services to COSCO Shipping and/or its associates and generated income of RMB1.76 million, which was below the annual cap of 2023.

The Company has confirmed that, during the Reporting Period, when engaging in the continuing connected transactions set out above, the Group has followed the pricing principles for such continuing connected transactions.

#### Confirmation of independent non-executive Directors

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

- (1) the above continuing connected transactions are entered into during the ordinary course of the business of the Company;
- (2) the above continuing connected transactions are entered into on normal commercial terms or more favorable terms; and
- (3) the above continuing connected transactions are executed by agreements, the terms of which are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

### Confirmation of independent auditor

The independent auditor of the Company has reviewed the above continuing connected transactions and confirmed that:

- (1) they are not aware of any matters that would make them believe that the continuing connected transactions disclosed have not been approved by the Board;
- (2) in respect of the continuing connected transactions involving the provision of services by the Company, they are not aware of any matters that would make them believe that the transactions are not executed in accordance with the pricing policy of the Company in any material aspects;
- (3) they are not aware of any matters that would make them believe that the transactions are not entered into in accordance with the relevant governing agreements in any material aspects; and
- (4) in respect of the aggregate transaction amount of each continuing connected transaction, they are not aware of any matters that would make them believe that the continuing connected transactions disclosed have exceeded the annual caps determined by the Company.

For details of other connected transactions subject to the listing rules for A Shares, please refer to the Announcement on the Contemplated Ordinary Connected Transactions of the Company for 2024 (《關於公司2024年度預計日常關聯交易的公告》) published by the Company on the SSE website, China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily.

Save as disclosed above, there is no connected transaction or continuing connected transaction set out in “Note 60 to the consolidated financial statements” of this report that falls into the connected transactions or continuing connected transactions that are required to be disclosed under the Hong Kong Listing Rules. The connected transactions and continuing connected transactions of the Company complied with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.



## Chapter 6: Major Events

### VII. Guarantees

Unit: 100 Million Yuan Currency: RMB

Guarantees provided by the Company (excluding guarantees for subsidiaries)														
Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	Amount of guarantee	Date of guarantee (date of agreement)	Effective date of guarantee	Expiry date of guarantee	Type of guarantee	Collateral (if any)	Whether the guarantee has been fulfilled	Whether the guarantee is overdue	Outstanding amount of guarantee overdue	Counter guarantee	Whether it is a guarantee for related parties	Relationship
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total guarantees provided during the Reporting Period (excluding guarantees for subsidiaries)														-
Balance of guarantees as at the end of the Reporting Period (A) (excluding guarantees for subsidiaries)														-
Guarantees for subsidiaries by the Company and its subsidiaries														
Total guarantees for subsidiaries during the Reporting Period														6.56
Balance of guarantees for subsidiaries as at the end of the Reporting Period (B)														65.13
Total guarantees (including guarantees for subsidiaries)														
Total guarantees (A+B)														65.13
Ratio of total guarantees to net assets of the Company (%)														5.34
Among which:														
Guarantees for shareholders, de facto controller and their related parties (C)														-
Debt guarantee provided directly or indirectly for companies with gearing ratio over 70% (D)														56.93
Amount of guarantees in excess of 50% of the net assets (E)														-
Total amount of the above three types of guarantees (C+D+E)														56.93
Outstanding guarantees subject to joint and several liabilities														-

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

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

2. On June 30, 2023, at the 2022 annual general meeting of the Company, it was considered and approved that the total amount of guarantees provided by CMS International and its wholly-owned subsidiaries in favor of the guaranteed parties within the term of authorization shall not exceed HK\$84 billion equivalent, of which, financing guarantees shall not exceed HK\$10.3 billion equivalent.

As at the end of the Reporting Period, the agreed amount of guarantees provided by CMS International and its wholly-owned subsidiaries was approximately RMB41.088 billion in total (with financing guarantees of approximately RMB6.354 billion). At the end of the year, the balance of guarantees utilized and traded was approximately RMB6.013 billion in total.

Details of guarantees

### VIII. Other Disclosures

#### (I) Sufficiency of public float of H Shares

As at the Latest Practicable Date, based on the information publicly available and to the best knowledge of the Directors, the Directors believe that the public float of the Company complied with Rule 8.08 of the Hong Kong Listing Rules and satisfied the minimum public float requirement prescribed by the Hong Kong Stock Exchange.

#### (II) Directors' and Supervisors' interests in business competing with the Company

As of the Latest Practicable Date, none of the Directors or Supervisors had any interests in another business which has or may have direct or indirect conflict of interests with the business of the Company.

#### (III) Directors' and Supervisors' service contracts

None of the Directors or Supervisors had a service contract with the Company or its subsidiaries which is not terminable by the employer within one year without payment of compensation (other than statutory compensation).

#### (IV) Directors' and Supervisors' interests in transactions, arrangements or contracts of significance

During the Reporting Period, none of the Directors, Supervisors or any entity connected with any Director or Supervisor of the Company had any material interests, whether directly or indirectly, in any transaction, arrangement or contract of significance entered into by the Company or its subsidiaries, and no such significant transactions, arrangements or contracts subsisted as of December 31, 2023.

#### (V) Permitted indemnity provision

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

## Chapter 6: Major Events

### **(VI) Pre-emptive rights**

Pursuant to PRC laws and the Articles of Association, shareholders of the Company are not entitled to any pre-emptive rights.

### **(VII) The Board's responsibility statement on risk management, internal control and compliance management**

The Board shall assume ultimate responsibility of the risk management, internal control and compliance management of the Group, and shall be responsible for assessing the effectiveness of such systems. Given that the objectives of such risk management and internal control systems are to manage, rather than eliminate, the risk of failure to achieve the business objectives, the Board may only provide reasonable instead of absolute assurance that such systems and internal control can prevent any material misstatement or loss.

### **(VIII) Remuneration to Directors and Supervisors**

Details of remuneration to the Directors and Supervisors are set out in "Change in shareholdings and remunerations of existing and resigned/retired Directors, Supervisors and senior management during the Reporting Period" under "Chapter 4: Corporate Governance Report" of this report.

### **(IX) Purchase, sale or redemption of securities of the Company**

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company.

### **(X) Major events after the Reporting Period**

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

### **(XI) Qualification of accounts**

According to the statistics from the Company, as at December 31, 2023, the Company had 6,194 unqualified capital accounts, 6,243 unqualified securities accounts, 1,011,446 dormant capital accounts and 1,701,015 dormant securities accounts.

## (XII) Tax reduction

### 1. A Shareholders

Pursuant to the Notice on Issues Regarding Differentiated Individual Income Tax Policy for Dividends and Bonuses of Listed Company (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)) and the Notice on Issues Regarding the Implementation of Differentiated Individual Income Tax Policy for Dividends and Bonuses of Listed Company (Cai Shui [2012] No. 85) (《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)) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC, for the dividend and bonus received by corporate investors on shares with holding period less than one month (inclusive) from the date when the corporate investors acquired the listed shares from public issuance or secondary market to the date which is one day before the settlement of the shares, a tax levy at the tax rate of 20% is imposed. For holding period between one month to one year (inclusive), 50% reduction will be applied to the tax rate imposed on the amount of taxable income, with effective tax rate of 10%. For holding period of more than one year, no income tax will be imposed on the dividend and bonus. For the dividend and bonus distributed by listed companies to individual investors, no individual income tax will be charged for holding period of less than one year (inclusive). Pending to the transfer of shares, Securities Depository and Clearing Corporation shall calculate the tax payable based on the holding period and the Company shall withhold the tax through Securities Depository and Clearing Corporation. Dividend and bonus received from listed companies by securities investment companies shall pay individual income tax pursuant to the requirements of Cai Shui [2012] No. 85. For resident enterprise shareholders, income tax on their cash bonuses shall be paid by themselves. For Qualified Foreign Institutional Investors (QFII), pursuant to provisions in the Notice on Issues Regarding Withholding and Payment of Corporate Income Taxes when PRC Resident Enterprises Distribute Dividends, Bonuses and Interests to the QFII issued 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)), corporate income taxes are withheld and paid by the listed company at the tax rate of 10%. If the QFII shareholder intends to claim the preferential treatment as stipulated in tax treaties (arrangements) after obtaining dividend and bonus incomes, application for tax refund can be submitted to the competent tax authority after obtaining such dividends and bonuses in accordance with the regulations. Pursuant to the Notice on Tax Policy Regarding Shanghai-Hong Kong Stock Connect Pilot Programs issued by the Ministry of Finance, the State Administration of Taxation and the CSRC (Cai Shui [2014] No. 81) (《財政部國家稅務總局證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), for dividend and bonus incomes obtained by investors (including enterprises and individuals) in the Hong Kong market from investing in A Shares listed on the SSE, the implementation of differentiated taxation is suspended before Hong Kong Securities Clearing Co., Ltd. meets the conditions of providing identification, term of shareholding and other specific data of investors to the CSDC; the income taxes thereof are withheld and paid by the listed company at the rate of 10%, which should be duly declared to the competent taxation authority. For Hong Kong investors who are tax residents of foreign countries that have entered into a tax treaty with the PRC specifying an income tax rate for dividend and bonus incomes below 10%, the investing enterprises or individuals may by themselves or entrust a withholding agent on their behalf to apply to the competent tax authority of the listed company to claim the preferential treatment as stipulated in such tax treaties. Upon the verification and approval of the competent tax authority, taxes shall be refunded based on the discrepancy between the levied taxes and the taxes payable pursuant to the tax rate of the tax treaty. Other institutional investors shall pay the tax with respect to dividends and bonus income themselves.

## Chapter 6: Major Events

### 2. H Shareholders

Pursuant to the Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 issued 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)), dividend and bonus income received by overseas resident individual shareholders who hold shares issued by domestic non-foreign invested enterprises in Hong Kong is subject to the payment of individual income tax according to the items of "interests, dividend and bonus income", which shall be withheld and paid by the withholding agents according to relevant laws. The overseas resident individual shareholders who hold 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 and bonus, generally withhold individual income tax at the rate of 10%, and are not required 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 stipulating a tax rate of lower than 10%, the withholding agents can file applications on their behalf to claim 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 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 bonus, and are not required to file an application; (3) for citizens from countries without tax agreements or under other situations, the withholding agents will withhold the individual income tax at 20% when distributing dividends and bonus. Pursuant to the Circular on Questions Concerning Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H Shares of the Enterprises (Guo Shui Han [2008] No. 897) (《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)) issued by the State Administration of Taxation, a PRC resident enterprise, when distributing dividends for 2008 and for the years afterwards to holders of H Shares who are overseas non-resident enterprises, shall withhold and pay enterprise income tax at a flat rate of 10%. Pursuant to the Notice on Tax Policy Regarding Shanghai-Hong Kong Stock Connect Pilot Programs (Cai Shui [2014] No. 81) (《財政部國家稅務總局證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the Notice on Tax Policy Regarding Shenzhen-Hong Kong Stock Connect Pilot Programs (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC, for dividend and bonus incomes obtained by mainland individual investors from investing in H Shares listed on the Hong Kong Stock Exchange via the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the individual income taxes thereof are withheld and paid by the H Share company at the rate of 20%; for dividend and bonus incomes obtained by mainland securities investment funds from investing in H Shares listed on the Hong Kong Stock Exchange via the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the individual income taxes are accrued and levied according to the same provision stated above; and for dividend and bonus incomes obtained by mainland corporate investors from investing in H Shares listed on the Hong Kong Stock Exchange via the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the income taxes thereof shall be reported and paid by the investing enterprise on its own instead of being withheld and paid by the H Share company, provided that where such dividend and bonus incomes are obtained by the mainland resident enterprise after holding relevant H Shares for 12 consecutive months, the enterprise income taxes thereof shall be exempted pursuant to law. Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by the Company. Shareholders of the Company shall pay the relevant taxes and/or be entitled to the tax relieves in accordance with the above provisions.

### **(XIII) Management contracts**

Save for employment contracts, no contract in relation to the management and administration of the whole or any substantial part of the business of the Company was entered into or subsisted during 2023.

### **(XIV) Directors' and Supervisors' rights to acquire shares or debentures**

During the Reporting Period or as at the end of 2023, none of the Directors and Supervisors or their respective associates were granted any right by the Company or its subsidiaries to acquire the shares or debentures of the Company or any other body corporate or had exercised any of such right.

### **(XV) Equity-linked agreements**

No equity-linked agreement was entered into by the Company at any time during or subsisted at the end of the 2023.

### **(XVI) Major customers and suppliers**

In 2023, the revenue generated from the Group's five largest customers accounted for less than 30% of the Group's total revenue. Due to the nature of business of the Company, the Company has no major suppliers.

### **(XVII) Pension schemes**

The domestic employees of the Group in the PRC participate in state-managed retirement benefit schemes, operated by the relevant municipal and provincial governments. According to the relevant regulations, the premiums and retirement benefit contributions borne by the Group are calculated and paid to the relevant labor and social welfare authorities on a regular basis. The Group also provides annuity schemes for certain qualified employees in the PRC. The employees' and the Group's contributions for the annuity schemes are calculated based on certain percentage of employees' salaries. The Group also operates the Mandatory Provident Fund Scheme for all qualified employees in Hong Kong. The Group contributes certain percentage of relevant payroll costs to the scheme, and the contribution is matched by employees but subject to a maximum amount for each employee.

No forfeited contribution (by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contributions) is available to be utilized by the Group to reduce the contributions payable in the future years or to reduce the Group's existing level of contributions to the retirement scheme. For details of the pension schemes provided by the Group, please refer to "Note 12 to the consolidated financial statements" of this report.

### **(XVIII) Reserves and distributable reserves**

For changes in reserves and distributable reserves of the Company, please refer to "Financial Report – Consolidated Statement of Changes in Equity" and "Note 67 to the consolidated financial statements" of this report.

## Chapter 6: Major Events

### **(XIX) Review of annual results**

The Audit Committee of the Company has reviewed the annual results announcement for the twelve months ended December 31, 2023, the 2023 annual report and the audited financial statements for 2023 prepared in accordance with the International Financial Reporting Standards and did not raise any objection to the accounting policy and practices adopted by the Company. The external auditor of the Company has reviewed the annual financial information for the twelve months ended December 31, 2023 in accordance with International Standard on Review Engagements 2410.

### **(XX) Fixed assets**

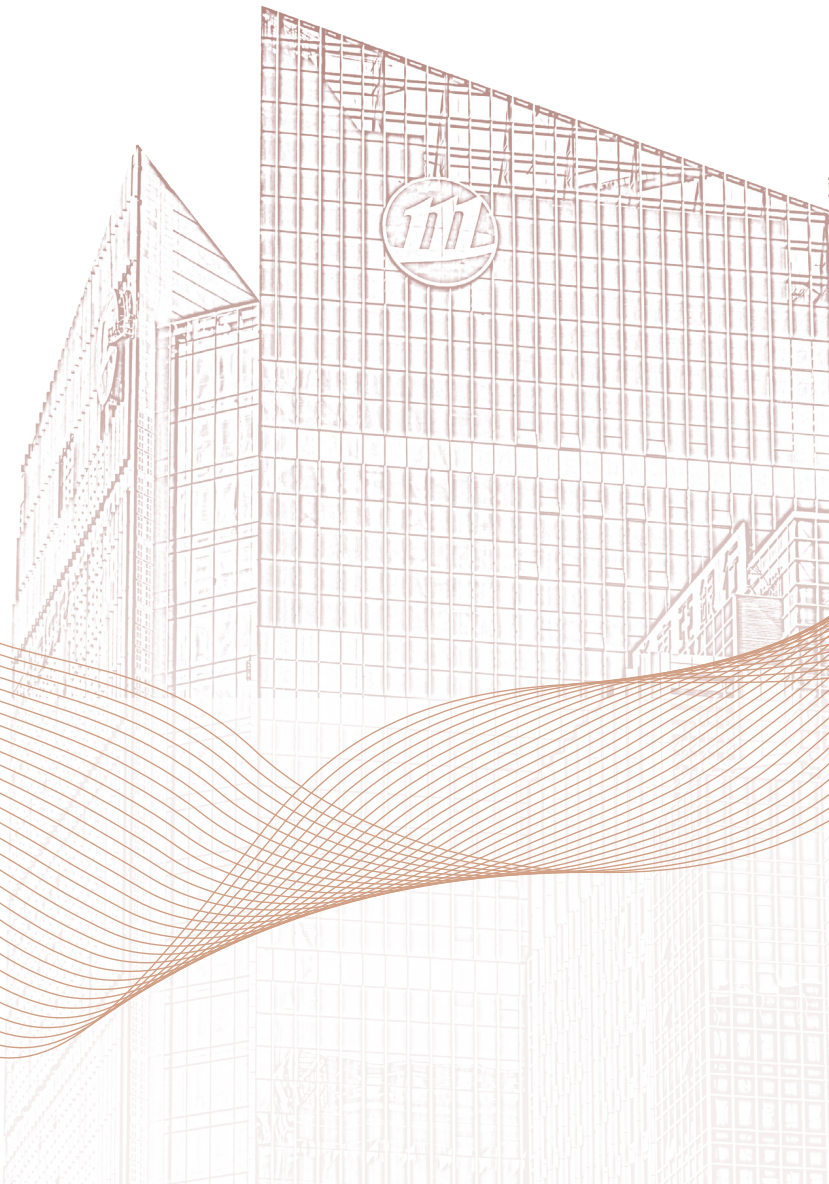
For details of the fixed assets of the Group as of December 31, 2023, please refer to “Financial Report – Consolidated Statement of Changes in Equity” and “Note 19 to the consolidated financial statements” of this report.

### **(XXI) Contracts with the controlling shareholder**

Save as disclosed in “Note 60 to the consolidated financial statements” and “Material Connected Transactions” in “Chapter 6: Major Events” of this report, for the year ended December 31, 2023, neither the Company nor any of its subsidiaries entered into any contract of significance with the controlling shareholder or any of its subsidiaries, nor has the controlling shareholder or any of its subsidiaries entered into any contract of significance for the provision of services to the Company or any of its subsidiaries.

# 07

## Changes in Shares and Shareholders





# Chapter 7: Changes in Shares and Shareholders

## I. Changes in Share Capital

### (I) Changes in shares

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

## II. Issuance and Listing of Securities

### Issuance of securities during the Reporting Period

Unit: share Currency: RMB

Class of shares and their derivative securities	Code	Abbreviation	Date of completion of issuance	Offer price (or interest rate)	Issuance amount	Date of listing	Amount approved for listing and trading	Date of closing
<b>Ordinary shares</b>								
-	-	-	-	-	-	-	-	-
<b>Convertible corporate bonds, bonds with warrants</b>								
-	-	-	-	-	-	-	-	-
<b>Bonds (including enterprise bonds, corporate bonds and non-financial enterprise debt financing instruments)</b>								
Subordinated bonds	138979.SH	23 China Merchants Securities C1 (23招證C1)	March 1, 2023	3.45%	1.4 billion	March 7, 2023	1.4 billion	September 11, 2025
Subordinated bonds	138980.SH	23 China Merchants Securities C2 (23招證C2)	March 1, 2023	3.55%	800 million	March 7, 2023	800 million	March 1, 2026
Subordinated bonds	115086.SH	23 China Merchants Securities C3 (23招證C3)	March 17, 2023	3.25%	1.5 billion	March 23, 2023	1.5 billion	March 17, 2025
Subordinated bonds	115087.SH	23 China Merchants Securities C4 (23招證C4)	March 17, 2023	3.40%	1.7 billion	March 23, 2023	1.7 billion	March 17, 2026
Public corporate bonds	115251.SH	23 China Merchants Securities G1 (23招證G1)	April 17, 2023	2.89%	4.0 billion	April 20, 2023	4.0 billion	April 17, 2025
Public corporate bonds	115252.SH	23 China Merchants Securities G2 (23招證G2)	April 17, 2023	3.03%	4.0 billion	April 20, 2023	4.0 billion	April 17, 2026
Subordinated bonds	115286.SH	23 China Merchants Securities C6 (23招證C6)	April 19, 2023	3.30%	3.3 billion	April 24, 2023	3.3 billion	April 19, 2026
Public corporate bonds	115314.SH	23 China Merchants Securities G3 (23招證G3)	April 25, 2023	3.03%	2.8 billion	May 4, 2023	2.8 billion	May 14, 2026
Public corporate bonds	115315.SH	23 China Merchants Securities G4 (23招證G4)	April 25, 2023	3.17%	2.2 billion	May 4, 2023	2.2 billion	April 25, 2028
Short-term corporate bonds	115383.SH	23 China Merchants Securities S1 (23招證S1)	May 19, 2023	2.26%	2.0 billion	May 24, 2023	2.0 billion	September 14, 2023
Short-term corporate bonds	115384.SH	23 China Merchants Securities S2 (23招證S2)	May 19, 2023	2.35%	4.0 billion	May 24, 2023	4.0 billion	November 10, 2023
Subordinated bonds	115379.SH	23 China Merchants Securities C7 (23招證C7)	May 22, 2023	3.13%	1.0 billion	May 25, 2023	1.0 billion	May 22, 2026
Subordinated bonds	115380.SH	23 China Merchants Securities C8 (23招證C8)	May 22, 2023	3.39%	1.0 billion	May 25, 2023	1.0 billion	May 22, 2028
Short-term corporate bonds	115527.SH	23 China Merchants Securities S3 (23招證S3)	June 15, 2023	2.07%	4.0 billion	June 20, 2023	4.0 billion	September 15, 2023
Short-term corporate bonds	115528.SH	23 China Merchants Securities S4 (23招證S4)	June 15, 2023	2.12%	1.0 billion	June 20, 2023	1.0 billion	October 18, 2023
Short-term corporate bonds	115574.SH	23 China Merchants Securities S5 (23招證S5)	June 26, 2023	2.19%	2.0 billion	June 30, 2023	2.0 billion	September 22, 2023

## Chapter 7: Changes in Shares and Shareholders

Class of shares and their derivative securities	Code	Abbreviation	Date of completion of issuance	Offer price (or interest rate)	Issuance amount	Date of listing	Amount approved for listing and trading	Date of closing
Short-term corporate bonds	115637.SH	23 China Merchants Securities S7 (23招證S7)	July 12, 2023	2.10%	2.0 billion	July 17, 2023	2.0 billion	October 13, 2023
Public corporate bonds	115647.SH	23 China Merchants Securities G5 (23招證G5)	July 13, 2023	2.58%	1.6 billion	July 18, 2023	1.6 billion	July 13, 2025
Public corporate bonds	115648.SH	23 China Merchants Securities G6 (23招證G6)	July 13, 2023	2.72%	3.4 billion	July 18, 2023	3.4 billion	July 13, 2026
Public corporate bonds	115703.SH	23 China Merchants Securities G8 (23招證G8)	July 24, 2023	2.70%	3.5 billion	July 27, 2023	3.5 billion	June 18, 2026
Public corporate bonds	115790.SH	23 China Merchants Securities 10 (23招證10)	August 11, 2023	2.74%	4.0 billion	August 16, 2023	4.0 billion	August 11, 2026
Short-term corporate bonds	115866.SH	23 China Merchants Securities S9 (23招證S9)	August 23, 2023	2.13%	5.0 billion	August 28, 2023	5.0 billion	February 23, 2024
Short-term corporate bonds	115948.SH	23 China Merchants Securities S10 (23招證S10)	September 11, 2023	2.40%	4.5 billion	September 14, 2023	4.5 billion	March 21, 2024
Short-term corporate bonds	240011.SH	23 China Merchants Securities S12 (23招證S12)	September 20, 2023	2.35%	1.5 billion	September 25, 2023	1.5 billion	December 14, 2023
Short-term corporate bonds	240012.SH	23 China Merchants Securities S13 (23招證S13)	September 20, 2023	2.50%	4.5 billion	September 25, 2023	4.5 billion	April 25, 2024
Short-term corporate bonds	240129.SH	23 China Merchants Securities S14 (23招證S14)	October 24, 2023	2.64%	7.9 billion	October 30, 2023	7.9 billion	May 23, 2024
Short-term corporate bonds	240130.SH	23 China Merchants Securities S15 (23招證S15)	October 24, 2023	2.65%	1.5 billion	October 30, 2023	1.5 billion	July 25, 2024
Subordinated bonds	240165.SH	23 China Merchants Securities C9 (23招證C9)	October 30, 2023	3.20%	2.0 billion	November 2, 2023	2.0 billion	October 30, 2026
Subordinated bonds	240166.SH	23 China Merchants Securities C10 (23招證C10)	October 30, 2023	3.45%	1.5 billion	November 2, 2023	1.5 billion	October 30, 2028
Short-term corporate bonds	240293.SH	23 China Merchants Securities S17 (23招證S17)	November 20, 2023	2.57%	4.0 billion	November 23, 2023	4.0 billion	February 28, 2024
Short-term corporate bonds	240295.SH	23 China Merchants Securities S18 (23招證S18)	November 20, 2023	2.62%	4.0 billion	November 23, 2023	4.0 billion	May 16, 2024
Public corporate bonds	240335.SH	23 China Merchants Securities 11 (23招證11)	November 24, 2023	2.88%	3.0 billion	November 29, 2023	3.0 billion	November 24, 2026
Public corporate bonds	240423.SH	23 China Merchants Securities 12 (23招證12)	December 19, 2023	2.80%	2.5 billion	December 25, 2023	2.5 billion	June 19, 2025
Public corporate bonds	240424.SH	23 China Merchants Securities 13 (23招證13)	December 19, 2023	2.81%	2.0 billion	December 25, 2023	2.0 billion	December 19, 2025
Short-term corporate bonds	240436.SH	23 China Merchants Securities S20 (23招證S20)	December 21, 2023	2.67%	2.5 billion	December 26, 2023	2.5 billion	June 14, 2024
Short-term corporate bonds	240437.SH	23 China Merchants Securities S21 (23招證S21)	December 21, 2023	2.68%	1.5 billion	December 26, 2023	1.5 billion	September 19, 2024
Medium-term notes	84447.HK	CMSI GE N2609-R	September 18, 2023	3.30%	1.0 billion	September 19, 2023	1.0 billion	September 18, 2026
<b>Other derivative securities</b>								
-	-	-	-	-	-	-	-	-

## Chapter 7: Changes in Shares and Shareholders

Issuance of securities during the Reporting Period:

### 1. *Public issuance of corporate bonds to professional investors*

In April 2021, the Company received the Approval for the Registration of Corporate Bonds Publicly Issued by China Merchants Securities Co., Ltd. to Professional Investors (Zheng Jian Xu Ke [2021] No. 1384) (《關於同意招商證券股份有限公司向專業投資者公開發行公司債券註冊的批覆》(證監許可[2021]1384號)) from the CSRC, pursuant to which, the CSRC approved that the Company may publicly issue to professional investors corporate bonds, the total face value of which shall not be more than RMB50 billion. In 2023, the Company issued two tranches of corporate bonds with a maturity of more than one year accordingly.

In April 2023, the Company received the Approval for the Registration of Corporate Bonds Publicly Issued by China Merchants Securities Co., Ltd. to Professional Investors (Zheng Jian Xu Ke [2023] No. 975) (《關於同意招商證券股份有限公司向專業投資者公開發行公司債券註冊的批覆》(證監許可[2023]975號)) from the CSRC, pursuant to which, the CSRC approved that the Company may publicly issue to professional investors corporate bonds, the total face value of which shall not be more than RMB30 billion. In 2023, the Company issued five tranches of corporate bonds with a maturity of more than one year accordingly.

### 2. *Public issuance of short-term corporate bonds to professional investors*

In December 2022, the Company received the Approval for the Registration of Short-term Corporate Bonds Publicly Issued by China Merchants Securities Co., Ltd. to Professional Investors (Zheng Jian Xu Ke [2022] No. 3211) (《關於同意招商證券股份有限公司向專業投資者公開發行短期公司債券的批覆》(證監許可[2022]3211號)) from the CSRC, pursuant to which, the CSRC approved that the Company may publicly issue to professional investors short-term corporate bonds, with the balance of the face value not more than RMB40 billion. In 2023, the Company issued ten tranches of short-term corporate bonds accordingly.

### 3. *Public issuance of subordinated corporate bonds to professional investors*

In September 2021, the Company received the Approval for the Registration of Subordinated Corporate Bonds Publicly Issued by China Merchants Securities Co., Ltd. to Professional Investors (Zheng Jian Xu Ke [2021] No. 3036) (《關於同意招商證券股份有限公司向專業投資者公開發行次級公司債券的批覆》(證監許可[2021]3036號)) from the CSRC, pursuant to which, the CSRC approved that the Company may publicly issue to professional investors subordinated corporate bonds, the total face value of which shall not be more than RMB20 billion. In 2023, the Company issued four tranches of subordinated corporate bonds accordingly.

In September 2023, the Company received the Approval for the Registration of Subordinated Corporate Bonds Publicly Issued by China Merchants Securities Co., Ltd. to Professional Investors (Zheng Jian Xu Ke [2023] No. 2134) (《關於同意招商證券股份有限公司向專業投資者公開發行次級公司債券的批覆》(證監許可[2023]2134號)) from the CSRC, pursuant to which, the CSRC approved that the Company may publicly issue to professional investors subordinated corporate bonds, the total face value of which shall not be more than RMB20 billion. In 2023, the Company issued one tranche of subordinated corporate bonds accordingly.

## III. Shareholders and De Facto Controller

## (I) Total number of shareholders

Total number of holders of ordinary shares as of the end of the Reporting Period	153,393
Total number of holders of ordinary shares as of the end of the month preceding the disclosure of this annual report	148,297

## (II) Shareholdings of the top ten shareholders and the top ten holders of tradable shares (or holders of unrestricted shares) as of the end of the Reporting Period

Unit: share

Shareholdings of the top ten shareholders (Excluding shares lent through margin financing)							
Name of shareholder (in full)	Changes during the Reporting Period	Number of shares held at the end of the period	Percentage (%)	Number of restricted shares held	Pledged, marked or locked-up		Nature of shareholder
					Status	Number	
China Merchants Financial Holdings Co., Ltd. (招商局金融控股有限公司)	-	2,047,900,517	23.55	-	Nil	-	State-owned legal person
Shenzhen Jisheng Investment Development Co., Ltd. (深圳市集盛投資發展有限公司)	-	1,703,934,870	19.59	-	Nil	-	State-owned legal person
HKSCC Nominees Limited	-2,630	1,274,221,637	14.65	-	Nil	-	Overseas legal person
China Ocean Shipping Company Limited (中國遠洋運輸有限公司)	-	544,632,418	6.26	-	Nil	-	State-owned legal person
Hebei Port Group Co., Ltd. (河北港口集團有限公司)	-	343,282,732	3.95	-	Nil	-	State-owned legal person
CCCC Capital Holdings Co., Ltd. (中交資本控股有限公司)	-	272,219,361	3.13	-	Nil	-	State-owned legal person
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	-	170,789,261	1.96	-	Nil	-	Unknown
Hong Kong Securities Clearing Company Limited	7,845,109	119,394,990	1.37	-	Nil	-	Overseas legal person
COSCO Shipping (Guangzhou) Co., Ltd. (中遠海運(廣州)有限公司)	-	109,199,899	1.26	-	Nil	-	State-owned legal person
China Construction Bank Corporation – Guotai CSI All Share brokerage ETF (中國建設銀行股份有限公司 – 國泰中證全指證券公司交易型開放式指數證券投資基金)	2,797,167	79,982,102	0.92	-	Nil	-	Others

## Chapter 7: Changes in Shares and Shareholders

Shareholdings of the top ten holders of unrestricted shares			
Name of shareholder	Number of tradable unrestricted shares held	Class and number of shares	
		Class	Number
China Merchants Financial Holdings Co., Ltd. (招商局金融控股有限公司)	2,047,900,517	RMB ordinary shares	2,047,900,517
Shenzhen Jisheng Investment Development Co., Ltd. (深圳市集盛投資發展有限公司)	1,703,934,870	RMB ordinary shares	1,703,934,870
HKSCC Nominees Limited	1,274,221,637	Overseas listed foreign shares	1,274,221,637
China Ocean Shipping Company Limited (中國遠洋運輸有限公司)	544,632,418	RMB ordinary shares	544,632,418
Hebei Port Group Co., Ltd. (河北港口集團有限公司)	343,282,732	RMB ordinary shares	343,282,732
CCCC Capital Holdings Co., Ltd. (中交資本控股有限公司)	272,219,361	RMB ordinary shares	272,219,361
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	170,789,261	RMB ordinary shares	170,789,261
Hong Kong Securities Clearing Company Limited	119,394,990	RMB ordinary shares	119,394,990
COSCO Shipping (Guangzhou) Co., Ltd. (中遠海運(廣州)有限公司)	109,199,899	RMB ordinary shares	109,199,899
China Construction Bank Corporation – Guotai CSI All Share brokerage ETF (中國建設銀行股份有限公司 – 國泰中證全指證券公司交易型開放式指數證券投資基金)	79,982,102	RMB ordinary shares	79,982,102
Description of the special account for repurchase among the top ten shareholders		Nil	
Description of the entrusting voting right, entrusted voting right and waiver of voting right of the above shareholders		Nil	
Description of the connected relationships or concerted actions among the above shareholders		Among the above top ten shareholders: 1. CM Financial Holdings indirectly holds 100% of the equity interest in Jisheng Investment. CM Financial Holdings and Jisheng Investment are both subsidiaries of China Merchants Group, the de facto controller of the Company; 2. China Ocean Shipping and COSCO Shipping (Guangzhou) Co., Ltd. are both subsidiaries of China COSCO Shipping Corporation Limited.	

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

## Chapter 7: Changes in Shares and Shareholders

### Lending shares through margin financing by top ten shareholders

Unit: share

Lending shares through margin financing by top ten shareholders								
Name of shareholder (in full)	Shareholding in ordinary account and credit account at the beginning of the period		Outstanding shares lent through margin financing at the beginning of the period		Shareholding in ordinary account and credit account at the end of the period		Outstanding shares lent through margin financing at the end of the period	
	Total	Percentage (%)	Total	Percentage (%)	Total	Percentage (%)	Total	Percentage (%)
China Construction Bank Corporation–Guotai CSI All Share brokerage ETF (中國建設銀行股份有限公司–國泰中證全指證券公司交易型開放式指數證券投資基金)	77,184,935	0.8875	304,000	0.0035	79,982,102	0.9197	599,500	0.0069

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

As at December 31, 2023, to the best knowledge of the Directors having made reasonable enquiries, the following persons (other than the Directors, Supervisors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would be required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

No.	Name of de facto controller and substantial shareholders	Class of shares	Nature of interest	Number of shares held	Percentage of total number of issued shares of the Company (%)	Percentage of total number of issued A Shares/H Shares of the Company (%)	Long positions <sup>2</sup> / short positions <sup>3</sup> / shares available for lending
1	China Merchants Group	A Shares	Interest held by controlled corporations <sup>1</sup>	3,751,835,387	43.14	50.55	Long position
		H Shares	Interest held by controlled corporations <sup>2</sup>	89,042,607	1.02	6.99	Long position
2	China Merchants Financial Holdings Co., Ltd. (招商局金融控股有限公司)	A Shares	Beneficial owner and interest of corporation controlled by substantial shareholders <sup>3</sup>	3,751,835,387	43.14	50.55	Long position
		H Shares	Interest held by controlled corporations <sup>3</sup>	89,042,607	1.02	6.99	Long position
3	Shenzhen Jisheng Investment Development Co., Ltd. (深圳市集盛投資發展有限公司)	A Shares	Beneficial owner	1,703,934,870	19.59	22.96	Long position
4	China Merchants Financial Holdings (Hong Kong) Company Limited	H Shares	Interest held by controlled corporations <sup>3</sup>	89,042,607	1.02	6.99	Long position

## Chapter 7: Changes in Shares and Shareholders

No.	Name of de facto controller and substantial shareholders	Class of shares	Nature of interest	Number of shares held	Percentage of total number of issued shares of the Company (%)	Percentage of total number of issued A Shares/H Shares of the Company (%)	Long positions <sup>7</sup> / short positions <sup>8</sup> / shares available for lending
	Best Winner						
5	Investment Limited	H Shares	Beneficial owner	89,042,607	1.02	6.99	Long position
	China COSCO Shipping Corporation Limited (中國遠洋海運集團有限公司)						
6		A Shares	Interest held by controlled corporations <sup>4</sup>	663,437,515	7.63	8.94	Long position
		H Shares	Interest held by controlled corporations <sup>5</sup>	207,797,720	2.39	16.30	Long position
7	China Ocean Shipping Company Limited (中國遠洋運輸有限公司)	A Shares	Beneficial owner	544,632,418	6.26	7.34	Long position
8	Hebei Port Group Co., Ltd. (河北港口集團有限公司)	A Shares	Beneficial owner	343,282,732	3.95	4.63	Long position
		H Shares	Beneficial owner	90,674,300	1.04	7.11	Long position
9	PICC Life Insurance Company Limited (中國人民人壽保險股份有限公司)	H Shares	Beneficial owner	433,290,000	4.98	34.00	Long position
10	The People's Insurance Company (Group) of China Limited (中國人民保險集團股份有限公司)	H Shares	Interest held by controlled corporations <sup>6</sup>	433,290,000	4.98	34.00	Long position
11	COSCO SHIPPING Investment Holdings Co., Limited	H Shares	Beneficial owner	207,797,720	2.39	16.30	Long position

## Chapter 7: Changes in Shares and Shareholders

1. China Merchants Group holds 100% of the equity interest in CM Financial Holdings and Jisheng Investment, and is deemed to be interested in the same number of A Shares which CM Financial Holdings (23.55%) and Jisheng Investment (19.59%) are interested in under the SFO.
2. China Merchants Group holds 100% of the equity interest in Best Winner Investment Limited, and is deemed to be interested in the same number of H Shares which Best Winner Investment Limited (1.02%) is interested in under the SFO.
3. CM Financial Holdings directly holds 23.55% of the shares of the Company. CM Financial Holdings holds 100% of the equity interest in Jisheng Investment, and is deemed to be interested in the same number of A Shares which Jisheng Investment (19.59%) is interested in under the SFO. Thus, CM Financial Holdings holds, directly and indirectly, an aggregate of 43.14% of the equity interest in the A Shares of the Company. CM Financial Holdings holds 100% of the equity interest in CMF Holdings Limited, and China Merchants Financial Holdings (Hong Kong) Company Limited holds 100% of the equity interest in Best Winner Investment Limited. Thus, CM Financial Holdings and China Merchants Financial Holdings (Hong Kong) Company Limited are deemed to be interested in the same number of H Shares which Best Winner Investment Limited (1.02%) is interested in under the SFO.
4. China COSCO Shipping Corporation Limited holds 100% of the equity interest in China Ocean Shipping and China Shipping Group Co., Ltd. (中國海運集團有限公司), and is deemed to be interested in the same number of A Shares which China Ocean Shipping (6.26%), COSCO Shipping (Guangzhou) Co., Ltd., a wholly-owned subsidiary of China Shipping Group Co., Ltd. (1.26%), COSCO SHIPPING Investment Holdings Co., Limited, a wholly-owned subsidiary of China Shipping Group Co., Ltd. (0.10%), and Guangzhou Sanding Oil Products Transport Co., Ltd. (廣州市三鼎油品運輸有限公司) (0.01%) are interested in under the SFO.
5. China COSCO Shipping Corporation Limited is deemed to be interested in the same number of H Shares which COSCO SHIPPING Investment Holdings Co., Limited, a wholly-owned subsidiary of China Shipping Group Co., Ltd. (中國海運集團有限公司) (2.39%), is interested in under the SFO.
6. The People's Insurance Company (Group) of China Limited directly and indirectly holds 80% of the equity interest in PICC Life Insurance Company Limited, and is deemed to be interested in the same number of H Shares which PICC Life Insurance Company Limited is interested in under the SFO.
7. A shareholder has a "long position" if it has an interest in shares, including interests through holding, selling or issuing financial instruments (including derivatives) under which such shareholder has the following rights and liabilities: (i) it has a right to buy the underlying shares; (ii) it is under an obligation to buy the underlying shares; (iii) it has a right to receive money if the price of the underlying shares increases; or (iv) it has a right to avoid or reduce a loss if the price of the underlying shares increases; and
8. A shareholder has a "short position" if it borrows shares under a securities borrowing and lending agreement, or if it holds, sells or issues financial instruments (including derivatives) under which such shareholder has the following rights and liabilities: (i) it has a right to require another person to buy the underlying shares; (ii) it is under an obligation to deliver the underlying shares; (iii) it has a right to receive money if the price of the underlying shares decreases; or (iv) it has a right to avoid or reduce a loss if the price of the underlying shares decreases.

Save as disclosed above, as at December 31, 2023, the Company was not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.



## Chapter 7: Changes in Shares and Shareholders

### IV. Details of Controlling Shareholder and De Facto Controller

#### (I) Details of controlling shareholder

##### 1 Legal person

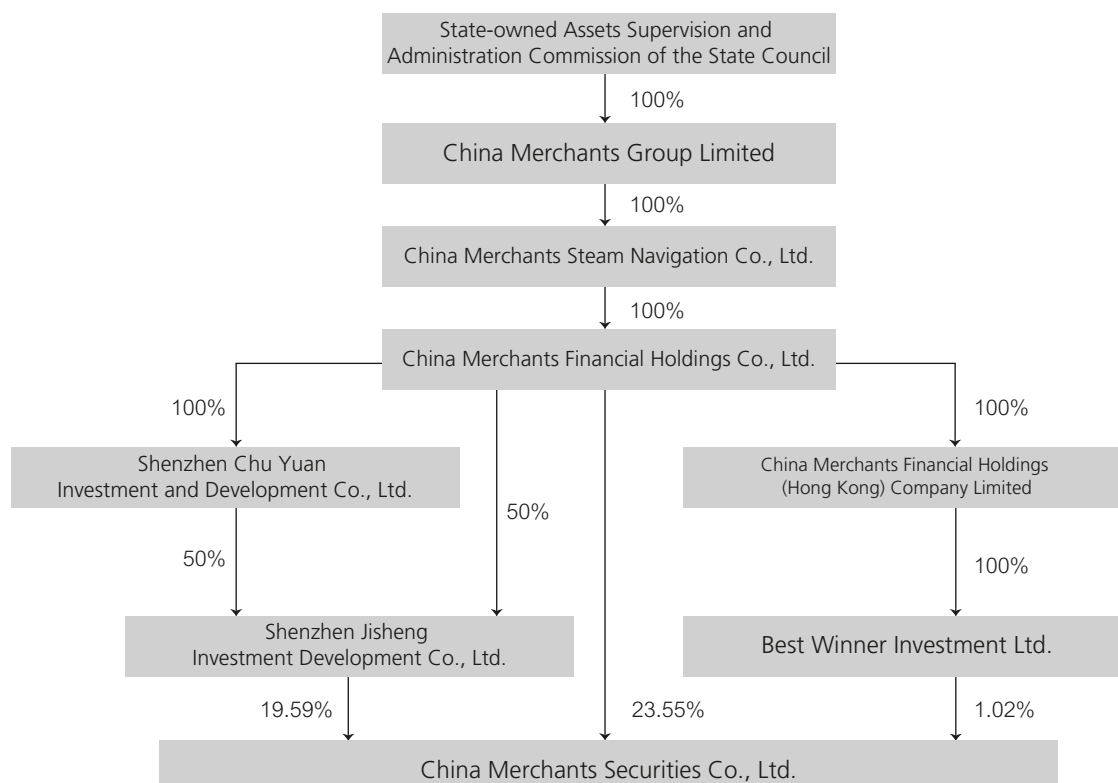
Name	China Merchants Financial Holdings Co., Ltd. (招商局金融控股有限公司)
Person in charge or legal representative	MIAO Jianmin (繆建民)
Date of incorporation	May 28, 1997
Principal business	Business as a financial holding company; other businesses approved by the People's Bank of China
Shareholdings in other domestic or overseas listed companies controlled by or associated with it during the Reporting Period	It directly holds 4.55% of the A shares of China Merchants Bank; indirectly holds 8.73% of the A shares of China Merchants Bank through its controlled subsidiaries, namely Shenzhen Yan Qing Investment and Development Co., Ltd. (深圳市晏清投資發展有限公司) and Shenzhen Chu Yuan Investment and Development Co., Ltd. (深圳市楚源投資發展有限公司); indirectly holds 1.53% of the H shares of China Merchants Bank through Best Winner Investment Limited, and holds 27.59% of the shares of China Merchants China Direct Investments Limited through Good Image Limited.
Credit status	Good credit standing.
Other descriptions	Mainly equity investment, and there are no major restrictions on the equity and other assets held in China Merchants Securities

##### 2 Description of change of controlling shareholder during the Reporting Period

On December 21, 2023, CM Financial Holdings, the controlling shareholder of the Company, signed a free transfer agreement with Yan Qing Investment, pursuant to which Yan Qing Investment transferred its 50% equity interest in Chu Yuan Investment and 50% equity interest in Jisheng Investment to CM Financial Holdings free of charge. As of December 22, 2023, the aforesaid equity transfer has completed the relevant industrial and commercial change registration. The aforesaid changes in equity will not lead to changes in the controlling shareholders and de facto controllers of China Merchants Securities.

For details, please refer to the relevant announcement published by the Company on the Hong Kong Stock Exchange website on December 22, 2023.

### 3 Diagram of the ownership and controlling relationship between the Company and its controlling shareholder



The controlling shareholder of the Company is CM Financial Holdings. CM Financial Holdings directly and through its subsidiaries, namely Shenzhen Jisheng Investment Development Co., Ltd. and Best Winner Investment Limited, indirectly holds a total of 44.17% shares of the Company.

#### (II) Details of de facto controller

##### 1 Legal person

Name	China Merchants Group Limited
Person in charge or legal representative	MIAO Jianmin (繆建民)
Date of incorporation	October 14, 1986

## Chapter 7: Changes in Shares and Shareholders

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### Principal business

Sea and land passenger and cargo transportation and agency, leasing and agency of sea and land transportation tools and equipment, investment in and management of port and warehouse businesses; sea rescue, salvage and towing; manufacturing; building, repair, inspection and sale of vessels and offshore oil drilling equipment; repair and inspection of oil rigs and containers; contracting and construction of and back office services for sea and land construction projects and offshore oil exploitation projects; procurement, supply and sale of sea and land transportation equipment and relevant supplies; import and export transportation businesses; investment in and management of businesses in the financial, insurance, trust, securities and futures industries; investment in and management of businesses in the tourism, hotel, catering and relevant services industries; real estate development and property management and consultancy business; investment in and management of petrochemical business; investment in and operation of transportation infrastructure; operation of offshore assets; development, operation and management of Shekou Industrial Zone in Shenzhen and Zhangzhou Development Zone in Fujian (market entities may independently select business projects and carry out operating activities in accordance with the laws; operations that require prior approvals according to the laws may only be conducted after obtaining approvals from the relevant authorities; operating activities prohibited and restricted by the industrial policies of the state and the municipality shall not be engaged in.)

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Shareholdings in other domestic or overseas listed companies controlled by or associated with it during the Reporting Period

As of the end of the Reporting Period, the major listed companies in which China Merchants Group directly or indirectly held shares were as follows:

- held 74.35% interests in China Merchants Land Limited
- held 71.76% interests in China Merchants Port Holdings Company Limited
- held 69.15% interests in Liaoning Port Co., Ltd.
- held 67.82% interests in China Merchants Expressway Network & Technology Holdings Co., Ltd.
- held 63.02% interests in China Merchants Port Group Co., Ltd.
- held 58.48% interests in Sinotrans Limited
- held 58.47% interests in China Merchants Shekou Industrial Zone Holdings Co., Ltd.
- held 54.14% interests in China Merchants Energy Shipping Co., Ltd.
- held 51.16% interests in China Merchants Property Operation & Service Co., Ltd.
- held 49.00% interests in Best Mart 360 Holdings Limited
- held 29.97% interests in China Merchants Bank Co., Ltd.
- held 29.94% interests in Anhui Expressway Company Limited
- held 28.05% interests in Shanghai International Port (Group) Co., Ltd.
- held 27.97% interests in Nanjing Tanker Corporation
- held 27.59% interests in China Merchants China Direct Investments Limited
- held 24.88% interests in Sichuan Expressway Company Limited
- held 24.49% interests in China International Marine Containers (Group) Co., Ltd.
- held 23.08% interests in Ningbo Zhoushan Port Co., Ltd.
- held 19.08% interests in Jinzhou Port Co., Ltd.

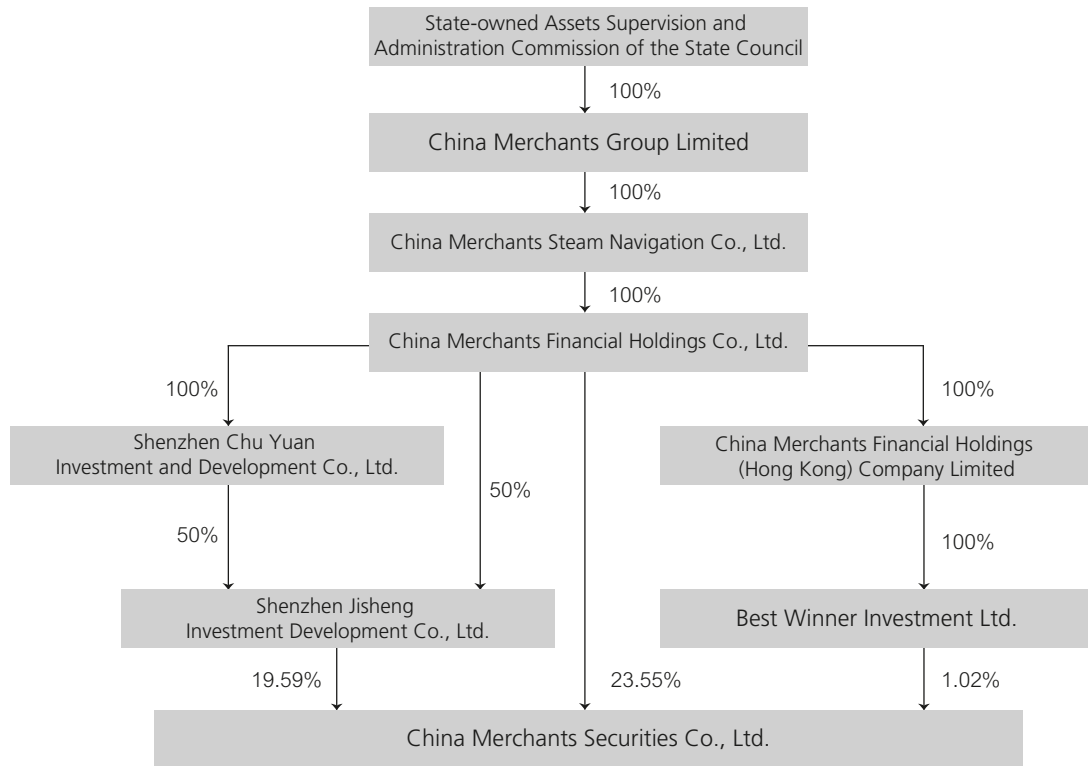
## Chapter 7: Changes in Shares and Shareholders

held 17.75% interests in Fujian Expressway Development Co., Ltd.  
 held 16.52% interests in Heilongjiang Transport Development Co., Ltd.  
 held 16.32% interests in Hubei Chutian Smart Communication Co., Ltd.  
 held 16.19% interests in Shandong Hi-Speed Company Limited  
 held 15.43% interests in Henan Zhongyuan Expressway Co., Ltd.  
 held 14.04% interests in Jilin Expressway Co., Ltd.  
 held 13.86% interests in Guangxi Wuzhou Communications Co., Ltd.  
 held 12.36% interests in China Great Wall Securities Co., Ltd.  
 held 11.69% interests in Jiangsu Expressway Company Limited  
 held 9.59% interests in Shanxi Road and Bridge Co., Ltd.  
 held 8.70% interests in Qilu Expressway Company Limited  
 held 8.12% interests in Shenzhen Expressway Corporation Limited  
 held 8.04% interests in Xiandai Investment Co., Ltd.  
 held 6.83% interests in Antong Holdings Co., Ltd.  
 held 6.07% interests in Zhejiang Expressway Company Limited  
 held 5.54% interests in Pangang Group Vanadium & Titanium Resources Co., Ltd.  
 held 3.88% interests in S.F. Holding Co., Ltd.  
 held 2.36% interests in Qingdao Port International Co., Ltd.

Other assets and restrictions	Major assets are cash and bank balances, inventory and long-term equity investment, and there are no major restrictions on the equity and other assets held in China Merchants Securities.
Credit status	Granted AAA credit rating with good credit standing.
Other descriptions	Nil.

## Chapter 7: Changes in Shares and Shareholders

### 2 Diagram of the ownership and controlling relationship between the Company and its de facto controller



The de facto controller of the Company is China Merchants Group. China Merchants Group indirectly holds a total of 44.17% shares of the Company through its subsidiaries, namely China Merchants Financial Holdings Co., Ltd., Shenzhen Jisheng Investment Development Co., Ltd. and Best Winner Investment Limited.

## Chapter 7: Changes in Shares and Shareholders

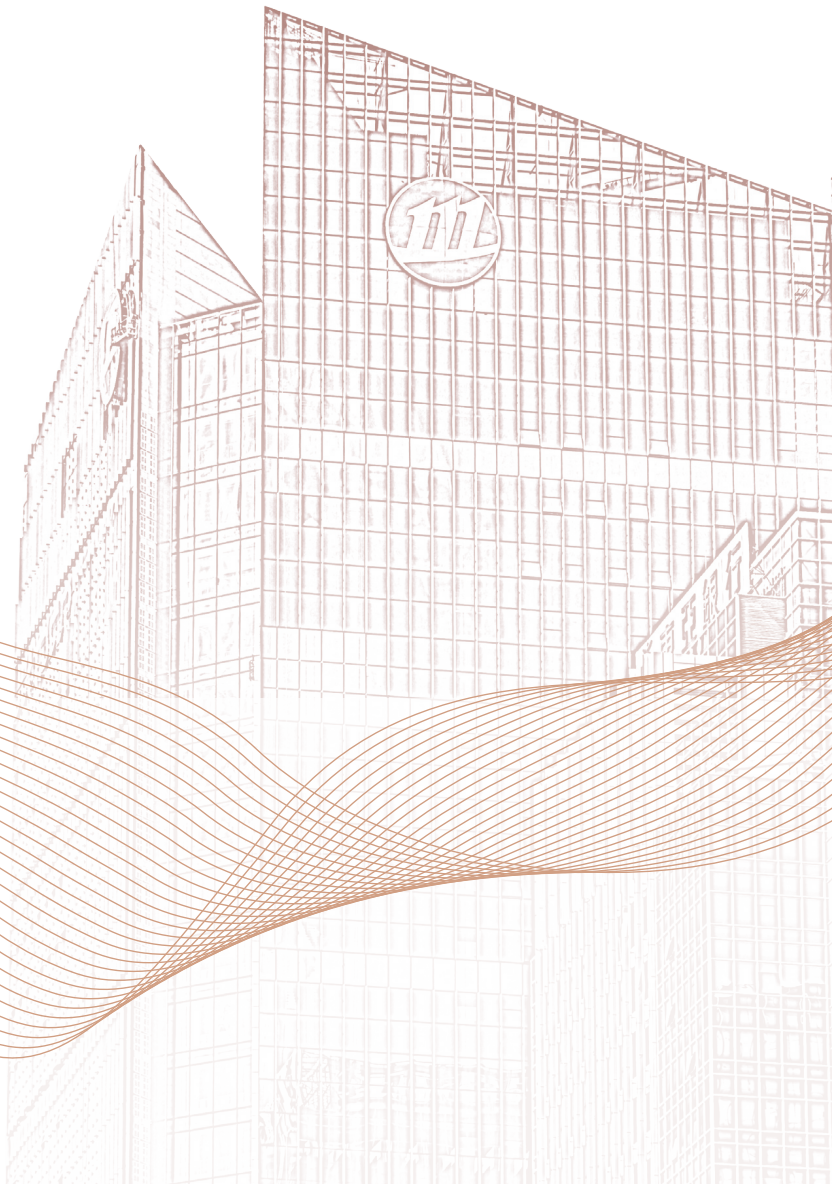
### V. Other Corporate Shareholders Interested in 10% or more of the Shares of the Company

Unit: 10,000 Yuan Currency: RMB

Name of corporate shareholder	Person in charge or legal representative	General manager	Date of incorporation	Organization code	Registered capital	Principal business or operation
Shenzhen Jisheng Investment Development Co., Ltd. (深圳市集盛投資發展有限公司)	SUN Xian (孫獻)	RONG Jie (戎捷)	December 11, 2001	91440300734146375H	60,000	Investment in the establishment of businesses (projects are separately reported); domestic business, commodity supply and sales (excluding licensed, exclusive or franchised commodities); and economic information consultancy (excluding restricted items).
Description	Jisheng Investment is a subsidiary of China Merchants Group, the de facto controller of the Company.					

# 08

## Relevant Information of Bonds





# Chapter 8: Relevant Information of Bonds

## I. Enterprise Bonds, Corporate Bonds and Non-financial Enterprise Debt Financing Instruments

### (I) Corporate bonds

#### 1. General information of corporate bonds

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

Unit: 100 Million Yuan Currency: RMB

Name	Abbreviation	Code	Date of issuance	Value date	Date of expiry	Remaining balance	Interest rate (%)	Payment of principal and interest	Trading place	Lead underwriter	Trustee	Eligibility of investors (if any)	Trading mechanism	Whether there is any risk of termination of listing and trading
The 2014 Corporate Bonds publicly issued by China Merchants Securities Co., Ltd. (招商證券股份有限公司 公開發行2014年公司債券)	14 China Merchants Bonds (14招商債)	122374.SH	May 26, 2015	May 26, 2015	May 26, 2025	55.00	5.08	Payment of interest annually, and payment of principal upon expiry	SSE	Everbright Securities	Everbright Securities	Offering to investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2021 Subordinated Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2021年面向專業投資者公開發行次級債券(第三期))	21 China Merchants Securities C3 (21招證C3)	188003.SH	April 14, 2021	April 15, 2021	April 15, 2024	60.00	3.80	Payment of interest annually, and payment of principal upon expiry	SSE	CITIC Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2021 Type Two Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2021年公司債券(第三期)(品種二))	21 China Merchants Securities G5 (21招證G5)	188387.SH	July 9, 2021	July 12, 2021	July 12, 2024	40.00	3.22	Payment of interest annually, and payment of principal upon expiry	SSE	CITIC Securities, Galaxy Securities, Everbright Securities, Ping An Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2021 Type Two Corporate Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2021年公司債券(第四期)(品種二))	21 China Merchants Securities G7 (21招證G7)	188482.SH	July 28, 2021	July 29, 2021	June 13, 2024	43.00	3.12	Payment of interest annually, and payment of principal upon expiry	SSE	CITIC Securities, Galaxy Securities, Everbright Securities, Ping An Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No

## Chapter 8: Relevant Information of Bonds

Name	Abbreviation	Code	Date of issuance	Value date	Date of expiry	Remaining balance	Interest rate (%)	Payment of principal and interest	Trading place	Lead underwriter	Trustee	Eligibility of investors (if any)	Trading mechanism	Whether there is any risk of termination of listing and trading
The 2021 Type Two Corporate Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2021年公司債券(第五期)(品種二))	21 China Merchants Securities G9 (21招證G9)	188567.SH	August 11, 2021	August 12, 2021	August 12, 2024	50.00	3.08	Payment of interest annually, and payment of principal upon expiry	SSE	CITIC Securities, Galaxy Securities, Everbright Securities, Ping An Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2021 Type Three Corporate Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2021年公司債券(第五期)(品種三))	21 China Merchants Securities 10 (21招證10)	188568.SH	August 11, 2021	August 12, 2021	August 12, 2026	20.00	3.41	Payment of interest annually, and payment of principal upon expiry	SSE	CITIC Securities, Galaxy Securities, Everbright Securities, Ping An Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2021 Type One Subordinated Bonds (sixth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2021年面向專業投資者公開發行次級債券(第六期)(品種一))	21 China Merchants Securities C7 (21招證C7)	188997.SH	November 10, 2021	November 11, 2021	November 11, 2024	40.00	3.40	Payment of interest annually, and payment of principal upon expiry	SSE	Ping An Securities	Ping An Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2021 Type Two Subordinated Bonds (sixth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2021年面向專業投資者公開發行次級債券(第六期)(品種二))	21 China Merchants Securities C8 (21招證C8)	188998.SH	November 10, 2021	November 11, 2021	November 11, 2026	10.00	3.70	Payment of interest annually, and payment of principal upon expiry	SSE	Ping An Securities	Ping An Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2022 Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2022年公司債券(第一期))	22 China Merchants Securities G1 (22招證G1)	185286.SH	January 14, 2022	January 17, 2022	January 17, 2025	50.00	2.89	Payment of interest annually, and payment of principal upon expiry	SSE	CITIC Securities, Galaxy Securities, Everbright Securities, Ping An Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No

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Name	Abbreviation	Code	Date of issuance	Value date	Date of expiry	Remaining balance	Interest rate (%)	Payment of principal and interest	Trading place	Lead underwriter	Trustee	Eligibility of investors (if any)	Trading mechanism	Whether there is any risk of termination of listing and trading
The 2022 Perpetual Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2022年面向專業投資者公開發行永續次級債券(第一期)) <sup>note</sup>	22 China Merchants Securities Y1 (22招證Y1)	185584.SH	March 23, 2022	March 24, 2022	-	43.00	3.95	Payment of interest annually if the option of deferring payment of interest is not exercised	SSE	GF Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2022 Perpetual Subordinated Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2022年面向專業投資者公開發行永續次級債券(第二期)) <sup>note</sup>	22 China Merchants Securities Y2 (22招證Y2)	185697.SH	April 18, 2022	April 19, 2022	-	47.00	3.77	Payment of interest annually if the option of deferring payment of interest is not exercised	SSE	GF Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2022 Perpetual Subordinated Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2022年面向專業投資者公開發行永續次級債券(第三期)) <sup>note</sup>	22 China Merchants Securities Y3 (22招證Y3)	185739.SH	April 25, 2022	April 26, 2022	-	40.00	3.77	Payment of interest annually if the option of deferring payment of interest is not exercised	SSE	GF Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2022 Perpetual Subordinated Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2022年面向專業投資者公開發行永續次級債券(第四期)) <sup>note</sup>	22 China Merchants Securities Y4 (22招證Y4)	185831.SH	June 7, 2022	June 8, 2022	-	20.00	3.72	Payment of interest annually if the option of deferring payment of interest is not exercised	SSE	GF Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2022 Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2022年公司債券(第二期))	22 China Merchants Securities G2 (22招證G2)	185393.SH	July 25, 2022	July 26, 2022	July 26, 2025	40.00	2.70	Payment of interest annually, and payment of principal upon expiry	SSE	CITIC Securities, Galaxy Securities, Everbright Securities, Ping An Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No

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Name	Abbreviation	Code	Date of issuance	Value date	Date of expiry	Remaining balance	Interest rate (%)	Payment of principal and interest	Trading place	Lead underwriter	Trustee	Eligibility of investors (if any)	Trading mechanism	Whether there is any risk of termination of listing and trading
The 2022 Type One Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2022年公司債券(第三期)(品種一))														
	22 China Merchants Securities G3 (22招證G3)	137653.SH	August 10, 2022	August 11, 2022	February 12, 2025	30.00	2.54	Payment of interest annually, and payment of principal upon expiry	SSE	CITIC Securities, Galaxy Securities, Everbright Securities, Ping An Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2022 Type Two Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2022年公司債券(第三期)(品種二))														
	22 China Merchants Securities G4 (22招證G4)	137654.SH	August 10, 2022	August 11, 2022	August 11, 2025	50.00	2.59	Payment of interest annually, and payment of principal upon expiry	SSE	CITIC Securities, Galaxy Securities, Everbright Securities, Ping An Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type One Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第一期)(品種一))														
	23 China Merchants Securities C1 (23招證C1)	138979.SH	February 27, 2023	March 1, 2023	September 11, 2025	14.00	3.45	Payment of interest annually, and payment of principal upon expiry	SSE	Ping An Securities	Ping An Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第一期)(品種二))														
	23 China Merchants Securities C2 (23招證C2)	138980.SH	February 27, 2023	March 1, 2023	March 1, 2026	8.00	3.55	Payment of interest annually, and payment of principal upon expiry	SSE	Ping An Securities	Ping An Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No

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Name	Abbreviation	Code	Date of issuance	Value date	Date of expiry	Remaining balance	Interest rate (%)	Payment of principal and interest	Trading place	Lead underwriter	Trustee	Eligibility of investors (if any)	Trading mechanism	Whether there is any risk of termination of listing and trading
The 2023 Type One Subordinated Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第二期)(品種一))	23 China Merchants Securities C3 (23招證C3)	115086.SH	March 16, 2023	March 17, 2023	March 17, 2025	15.00	3.25	Payment of interest annually, and payment of principal upon expiry	SSE	Ping An Securities	Ping An Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Subordinated Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第二期)(品種二))	23 China Merchants Securities C4 (23招證C4)	115087.SH	March 16, 2023	March 17, 2023	March 17, 2026	17.00	3.40	Payment of interest annually, and payment of principal upon expiry	SSE	Ping An Securities	Ping An Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type One Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2023年公司債券(第一期)(品種一))	23 China Merchants Securities G1 (23招證G1)	115251.SH	April 14, 2023	April 17, 2023	April 17, 2025	40.00	2.89	Payment of interest annually, and payment of principal upon expiry	SSE	CITIC Securities, Galaxy Securities, Everbright Securities, Ping An Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2023年公司債券(第一期)(品種二))	23 China Merchants Securities G2 (23招證G2)	115252.SH	April 14, 2023	April 17, 2023	April 17, 2026	40.00	3.03	Payment of interest annually, and payment of principal upon expiry	SSE	CITIC Securities, Galaxy Securities, Everbright Securities, Ping An Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Subordinated Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第三期)(品種二))	23 China Merchants Securities C6 (23招證C6)	115286.SH	April 18, 2023	April 19, 2023	April 19, 2026	33.00	3.30	Payment of interest annually, and payment of principal upon expiry	SSE	Ping An Securities	Ping An Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No

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Name	Abbreviation	Code	Date of issuance	Value date	Date of expiry	Remaining balance	Interest rate (%)	Payment of principal and interest	Trading place	Lead underwriter	Trustee	Eligibility of investors (if any)	Trading mechanism	Whether there is any risk of termination of listing and trading
The 2023 Type One Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2023年公司債券(第二期)(品種一))	23 China Merchants Securities G3 (23招證G3)	115314.SH	April 24, 2023	April 25, 2023	May 14, 2026	28.00	3.03	Payment of interest annually in the first two interest-bearing years, and payment of interest for the remaining term together with the payment of principal upon expiry	SSE	CITIC Securities, Galaxy Securities, Everbright Securities, Ping An Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2023年公司債券(第二期)(品種二))	23 China Merchants Securities G4 (23招證G4)	115315.SH	April 24, 2023	April 25, 2023	April 25, 2028	22.00	3.17	Payment of interest annually, and payment of principal upon expiry	SSE	CITIC Securities, Galaxy Securities, Everbright Securities, Ping An Securities	CITIC Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type One Subordinated Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第四期)(品種一))	23 China Merchants Securities C7 (23招證C7)	115379.SH	May 19, 2023	May 22, 2023	May 22, 2026	10.00	3.13	Payment of interest annually, and payment of principal upon expiry	SSE	Ping An Securities	Ping An Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Subordinated Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第四期)(品種二))	23 China Merchants Securities C8 (23招證C8)	115380.SH	May 19, 2023	May 22, 2023	May 22, 2028	10.00	3.39	Payment of interest annually, and payment of principal upon expiry	SSE	Ping An Securities	Ping An Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type One Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行公司債券(第三期)(品種一))	23 China Merchants Securities G5 (23招證G5)	115647.SH	July 12, 2023	July 13, 2023	July 13, 2025	16.00	2.58	Payment of interest annually, and payment of principal upon expiry	SSE	GF Securities, CITIC Securities, Galaxy Securities, Everbright Securities, Ping An Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No

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Name	Abbreviation	Code	Date of issuance	Value date	Date of expiry	Remaining balance	Interest rate (%)	Payment of principal and interest	Trading place	Lead underwriter	Trustee	Eligibility of investors (if any)	Trading mechanism	Whether there is any risk of termination of listing and trading
The 2023 Type Two Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行公司債券(第三期)(品種二))	23 China Merchants Securities G6 (23招證G6)	115648.SH	July 12, 2023	July 13, 2023	July 13, 2026	34.00	2.72	Payment of interest annually, and payment of principal upon expiry	SSE	GF Securities, CITIC Securities, Galaxy Securities, Everbright Securities, Ping An Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Corporate Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行公司債券(第四期)(品種二))	23 China Merchants Securities G8 (23招證G8)	115703.SH	July 21, 2023	July 24, 2023	June 18, 2026	35.00	2.70	Payment of interest annually, and payment of principal upon expiry	SSE	GF Securities, CITIC Securities, Galaxy Securities, Everbright Securities, Ping An Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Corporate Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行公司債券(第五期)(品種二))	23 China Merchants Securities 10 (23招證10)	115790.SH	August 10, 2023	August 11, 2023	August 11, 2026	40.00	2.74	Payment of interest annually, and payment of principal upon expiry	SSE	GF Securities, CITIC Securities, Galaxy Securities, Everbright Securities, Ping An Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Short-term Corporate Bonds (seventh tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第七期)(品種二))	23 China Merchants Securities S13 (23招證S13)	240012.SH	September 19, 2023	September 20, 2023	April 25, 2024	45.00	2.50	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type One Short-term Corporate Bonds (eighth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第八期)(品種一))	23 China Merchants Securities S14 (23招證S14)	240129.SH	October 23, 2023	October 24, 2023	May 23, 2024	79.00	2.64	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No

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Name	Abbreviation	Code	Date of issuance	Value date	Date of expiry	Remaining balance	Interest rate (%)	Payment of principal and interest	Trading place	Lead underwriter	Trustee	Eligibility of investors (if any)	Trading mechanism	Whether there is any risk of termination of listing and trading
The 2023 Type Two Short-term Corporate Bonds (eighth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第八期)(品種二))	23 China Merchants Securities S15 (23招S15)	240130.SH	October 23, 2023	October 24, 2023	July 25, 2024	15.00	2.65	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type One Subordinated Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第五期)(品種一))	23 China Merchants Securities C9 (23招S9)	240165.SH	October 27, 2023	October 30, 2023	October 30, 2026	20.00	3.20	Payment of interest annually, and payment of principal upon expiry	SSE	Huatai United Securities, CITIC Securities, Zhongtai Securities	Huatai United Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Subordinated Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第五期)(品種二))	23 China Merchants Securities C10 (23招C10)	240166.SH	October 27, 2023	October 30, 2023	October 30, 2028	15.00	3.45	Payment of interest annually, and payment of principal upon expiry	SSE	Huatai United Securities, CITIC Securities, Zhongtai Securities	Huatai United Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Short-term Corporate Bonds (ninth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第九期)(品種二))	23 China Merchants Securities S18 (23招S18)	240295.SH	November 17, 2023	November 20, 2023	May 16, 2024	40.00	2.62	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Corporate Bonds (sixth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行公司債券(第六期))	23 China Merchants Securities 11 (23招S11)	240335.SH	November 23, 2023	November 24, 2023	November 24, 2026	30.00	2.88	Payment of interest annually, and payment of principal upon expiry	SSE	GF Securities, CITIC Securities, Galaxy Securities, Everbright Securities, Ping An Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No



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Name	Abbreviation	Code	Date of issuance	Value date	Date of expiry	Remaining balance	Interest rate (%)	Payment of principal and interest	Trading place	Lead underwriter	Trustee	Eligibility of investors (if any)	Trading mechanism	Whether there is any risk of termination of listing and trading
The 2023 Type One Corporate Bonds (seventh tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行公司債券(第七期)(品種一))	23 China Merchants Securities 12 (23招證12)	240423.SH	December 18, 2023	December 19, 2023	June 19, 2025	25.00	2.80	Payment of interest annually, and payment of principal upon expiry	SSE	GF Securities, CITIC Securities, Galaxy Securities, Everbright Securities, Ping An Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Corporate Bonds (seventh tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行公司債券(第七期)(品種二))	23 China Merchants Securities 13 (23招證13)	240424.SH	December 18, 2023	December 19, 2023	December 19, 2025	20.00	2.81	Payment of interest annually, and payment of principal upon expiry	SSE	GF Securities, CITIC Securities, Galaxy Securities, Everbright Securities, Ping An Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type One Short-term Corporate Bonds (tenth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第十期)(品種一))	23 China Merchants Securities S20 (23招證20)	240436.SH	December 20, 2023	December 21, 2023	June 14, 2024	25.00	2.67	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2023 Type Two Short-term Corporate Bonds (tenth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第十期)(品種二))	23 China Merchants Securities S21 (23招證21)	240437.SH	December 20, 2023	December 21, 2023	September 19, 2024	15.00	2.68	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行公司債券(第一期))	24 China Merchants Securities G1 (24招證G1)	240506.SH	January 17, 2024	January 18, 2024	January 18, 2027	30.00	2.74	Payment of interest annually, and payment of principal upon expiry	SSE	GF Securities, CITIC Securities, Galaxy Securities, Everbright Securities, Ping An Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No

## Chapter 8: Relevant Information of Bonds

Name	Abbreviation	Code	Date of issuance	Value date	Date of expiry	Remaining balance	Interest rate (%)	Payment of principal and interest	Trading place	Lead underwriter	Trustee	Eligibility of investors (if any)	Trading mechanism	Whether there is any risk of termination of listing and trading
The 2024 Type One Short-term Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第一期)(品種一))	24 China Merchants Securities S1 (24招證S1)	240609.SH	February 22, 2024	February 23, 2024	June 7, 2024	20.00	2.23	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Type One Short-term Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第二期)(品種一))	24 China Merchants Securities S3 (24招證S3)	240753.SH	March 18, 2024	March 19, 2024	June 7, 2024	57.00	2.22	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Type Two Short-term Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第二期)(品種二))	24 China Merchants Securities S4 (24招證S4)	240754.SH	March 18, 2024	March 19, 2024	August 7, 2024	20.00	2.25	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Type One Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行次級債券(第一期)(品種一))	24 China Merchants Securities C1 (24招證C1)	240739.SH	March 19, 2024	March 20, 2024	March 20, 2027	9.00	2.64	Payment of interest annually, and payment of principal upon expiry	SSE	Huatai United Securities, CITIC Securities, Zhongtai Securities	Huatai United Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Type Two Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行次級債券(第一期)(品種二))	24 China Merchants Securities C2 (24招證C2)	240740.SH	March 19, 2024	March 20, 2024	March 20, 2029	17.00	2.77	Payment of interest annually, and payment of principal upon expiry	SSE	Huatai United Securities, CITIC Securities, Zhongtai Securities	Huatai United Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No

## Chapter 8: Relevant Information of Bonds

Name	Abbreviation	Code	Date of issuance	Value date	Date of expiry	Remaining balance	Interest rate (%)	Payment of principal and interest	Trading place	Lead underwriter	Trustee	Eligibility of investors (if any)	Trading mechanism	Whether there is any risk of termination of listing and trading
The 2024 Type One Short-term Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第三期)(品種一))	24 China Merchants Securities S5 (24招證S5)	240822.SH	March 27, 2024	March 28, 2024	July 4, 2024	20.00	2.23	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
The 2024 Type Two Short-term Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional Investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第三期)(品種二))	24 China Merchants Securities S6 (24招證S6)	240823.SH	March 27, 2024	March 28, 2024	September 6, 2024	20.00	2.21	Payment of principal and interest upon expiry	SSE	GF Securities, CITIC Securities	GF Securities	Offering to professional institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No

### Notes:

- For perpetual subordinated bonds, the issuer shall have the right of redemption, and (when specific conditions are met) the option of redemption and the option of deferring payment of interest. On the fifth and every subsequent interest payment date, the issuer shall have the right to redeem the perpetual subordinated bonds at the face value plus the interest payable (including all deferred interest and its yield);
- The coupon rate for the first five interest-bearing years of the perpetual subordinated bonds is determined through bookkeeping and filing, and shall remain unchanged during the first five interest-bearing years. Since the sixth interest-bearing year, the coupon rate shall be re-determined every five years. The coupon rate re-determined every five years is the benchmark interest rate for the relevant period plus the initial spread plus 300 basis points. The initial spread is the difference between the coupon rate and the initial benchmark interest rate in the first five interest-bearing years;
- According to the Administrative Measures for the Eligibility of Investors in the Bond Market of the Shanghai Stock Exchange (2023 Revision) (《上海證券交易所債券市場投資者適當性管理辦法(2023年修訂)》), the scope of eligibility of investors of the Company's corporate bonds originally publicly issued to professional investors has been adjusted to offering only to professional institutional investors. Professional individual investors are not allowed to buy the bonds, but can choose to sell or continue to hold the bonds bought according to the original rules.

## Payment of bond interest and principal during the Reporting Period

Name	Payment of interest and principal
The 2022 Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2022年公司債券(第一期))	Full payment of interest in a timely manner
The 2021 Type One Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2021年公司債券(第一期)(品種一))	Full payment of principal in a timely manner
The 2021 Type Two Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2021年公司債券(第一期)(品種二))	Full payment of interest in a timely manner
The 2021 Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2021年面向專業投資者公開發行次級債券(第一期))	Full payment of interest in a timely manner
The 2021 Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2021年公司債券(第二期))	Full payment of interest in a timely manner
The 2021 Type Two Non-public Issuance of Corporate Bonds (first tranche) issued by China Merchants Securities Co., Ltd. (招商證券股份有限公司2021年非公開發行公司債券(第一期)(品種二))	Full payment of interest and principal in a timely manner
The 2012 Corporate Bonds of China Merchants Securities Co., Ltd. (10-Year Maturity) (招商證券股份有限公司2012年公司債券(10年期))	Full payment of principal in a timely manner
The 2021 Subordinated Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2021年面向專業投資者公開發行次級債券(第二期))	Full payment of interest in a timely manner
The 2022 Perpetual Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2022年面向專業投資者公開發行永續次級債券(第一期))	Full payment of interest in a timely manner
The 2021 Subordinated Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2021年面向專業投資者公開發行次級債券(第三期))	Full payment of interest in a timely manner
The 2022 Perpetual Subordinated Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2022年面向專業投資者公開發行永續次級債券(第二期))	Full payment of interest in a timely manner
The 2022 Perpetual Subordinated Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2022年面向專業投資者公開發行永續次級債券(第三期))	Full payment of interest in a timely manner

## Chapter 8: Relevant Information of Bonds

Name	Payment of interest and principal
The 2021 Subordinated Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2021年面向專業投資者公開發行次級債券(第四期))	Full payment of interest and principal in a timely manner
The 2014 Corporate Bonds publicly issued by China Merchants Securities Co., Ltd. (招商證券股份有限公司公開發行2014年公司債券)	Full payment of interest in a timely manner
The 2020 Type One Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2020年面向專業投資者公開發行次級債券(第一期)(品種一))	Full payment of principal in a timely manner
The 2022 Perpetual Subordinated Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2022年面向專業投資者公開發行永續次級債券(第四期))	Full payment of interest in a timely manner
The 2021 Type One Subordinated Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2021年面向專業投資者公開發行次級債券(第五期)(品種一))	Full payment of principal in a timely manner
The 2021 Type Two Subordinated Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2021年面向專業投資者公開發行次級債券(第五期)(品種二))	Full payment of interest and principal in a timely manner
The 2021 Type One Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2021年公司債券(第三期)(品種一))	Full payment of principal in a timely manner
The 2021 Type Two Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2021年公司債券(第三期)(品種二))	Full payment of interest in a timely manner
The 2020 Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2020年公司債券(第一期))	Full payment of principal in a timely manner
The 2022 Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2022年公司債券(第二期))	Full payment of interest in a timely manner
The 2021 Type One Corporate Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2021年公司債券(第四期)(品種一))	Full payment of interest and principal in a timely manner

## Chapter 8: Relevant Information of Bonds

Name	Payment of interest and principal
The 2021 Type Two Corporate Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2021年公司債券(第四期)(品種二))	Full payment of interest in a timely manner
The 2022 Type One Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2022年公司債券(第三期)(品種一))	Full payment of interest in a timely manner
The 2022 Type Two Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2022年公司債券(第三期)(品種二))	Full payment of interest in a timely manner
The 2021 Type Two Corporate Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2021年公司債券(第五期)(品種二))	Full payment of interest in a timely manner
The 2021 Type Three Corporate Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2021年公司債券(第五期)(品種三))	Full payment of interest in a timely manner
The 2020 Type Two Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2020年公司債券(第二期)(品種二))	Full payment of principal in a timely manner
The 2023 Type One Short-term Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第一期)(品種一))	Full payment of principal in a timely manner
The 2023 Type One Short-term Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第二期)(品種一))	Full payment of principal in a timely manner
The 2020 Type Two Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2020年公司債券(第三期)(品種二))	Full payment of principal in a timely manner
The 2023 Type One Short-term Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第三期)(品種一))	Full payment of principal in a timely manner
The 2023 Type One Short-term Corporate Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第四期)(品種一))	Full payment of principal in a timely manner

## Chapter 8: Relevant Information of Bonds

Name	Payment of interest and principal
The 2023 Type Two Short-term Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第二期)(品種二))	Full payment of principal in a timely manner
The 2020 Type Two Corporate Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2020年公司債券(第四期)(品種二))	Full payment of principal in a timely manner
The 2023 Type Two Short-term Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第一期)(品種二))	Full payment of principal in a timely manner
The 2021 Type One Subordinated Bonds (sixth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2021年面向專業投資者公開發行次級債券(第六期)(品種一))	Full payment of interest in a timely manner
The 2021 Type Two Subordinated Bonds (sixth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2021年面向專業投資者公開發行次級債券(第六期)(品種二))	Full payment of interest in a timely manner
The 2020 Type Two Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2020年面向專業投資者公開發行次級債券(第一期)(品種二))	Full payment of principal in a timely manner
The 2023 Type One Short-term Corporate Bonds (seventh tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第七期)(品種一))	Full payment of principal in a timely manner

### 2. *Triggering and execution of issuer's or investor's option clause or investor protection clause*

Issuer's right of redemption (i.e. on the fifth and every subsequent interest payment date of the bonds, the issuer shall have the right to redeem the bonds at the face value plus the interest payable) and (when specific conditions are met) issuer's option of redemption and option of deferring payment of interest are available for "22 China Merchants Securities Y1", "22 China Merchants Securities Y2", "22 China Merchants Securities Y3" and "22 China Merchants Securities Y4" of the Company. The above bonds have not reached the exercise date of right of redemption, and have not triggered the exercise of (when specific conditions are met) issuer's option of redemption. The Company held the 2021 annual general meeting on June 30, 2022 to consider and approve resolution on the profit distribution plan of the Company for 2021, and paid the cash dividend on August 8, 2022, which is a mandatory interest payment. The option of deferring payment of interest was not triggered during the Reporting Period. The Company has fully paid the interest of the bonds for the relevant period.

"22 China Merchants Securities G1", "22 China Merchants Securities G2", "22 China Merchants Securities G3", "22 China Merchants Securities G4", "22 China Merchants Securities Y1", "22 China Merchants Securities Y2", "22 China Merchants Securities Y3", "22 China Merchants Securities Y4", "23 China Merchants Securities G1", "23 China Merchants Securities G2", "23 China Merchants Securities G3", "23 China Merchants Securities G4", "23 China Merchants Securities G5", "23 China Merchants Securities G6", "23 China Merchants Securities G8", "23 China Merchants Securities 10", "23 China Merchants Securities 11", "23 China Merchants Securities 12", "23 China Merchants Securities 13", "23 China Merchants Securities S1", "23 China Merchants Securities S2", "23 China Merchants Securities S3", "23 China Merchants Securities S4", "23 China Merchants Securities S5", "23 China Merchants Securities S7", "23 China Merchants Securities S9", "23 China Merchants Securities S10", "23 China Merchants Securities S12", "23 China Merchants Securities S13", "23 China Merchants Securities S14", "23 China Merchants Securities S15", "23 China Merchants Securities S17", "23 China Merchants Securities S18", "23 China Merchants Securities S20", "23 China Merchants Securities S21", "23 China Merchants Securities C1", "23 China Merchants Securities C2", "23 China Merchants Securities C3", "23 China Merchants Securities C4", "23 China Merchants Securities C6", "23 China Merchants Securities C7", "23 China Merchants Securities C8", "23 China Merchants Securities C9", "23 China Merchants Securities C10", "24 China Merchants Securities G1", "24 China Merchants Securities S1", "24 China Merchants Securities S3", "24 China Merchants Securities S4", "24 China Merchants Securities C1", "24 China Merchants Securities C2", "24 China Merchants Securities S5", "24 China Merchants Securities S6" of the Company contain investor protection clauses. During the Reporting Period, such investor protection clauses have not been triggered. The Company has undertaken that, according to the consolidated financial statements, the unrestricted cash and bank balances at the end of each semi-annual period during the duration of the above bonds shall not be less than RMB5 billion. As of the end of 2023, the Company's own cash and bank balances amounted to RMB14.117 billion, and the unrestricted cash and bank balances amounted to RMB12.977 billion, which met the undertaken amount.



## Chapter 8: Relevant Information of Bonds

### 3. Intermediaries providing services for bond issuance and business in period of duration

Name of intermediary	Office address	Name of signing accountant	Contact person	Contact number
Everbright Securities Co., Ltd.	51/F, Tower One, 1266 West Nanjing Road, Jing'an District, Shanghai	-	WANG Yicong (王一聰),	021-52523039
			GU Yijun (顧藝珺),	021-52523176
			ZHOU Chengying (周程穎)	021-52523279
CITIC Securities Company Limited	North Tower, Excellence Times Plaza II, 8 Zhongxin San Road, Futian District, Shenzhen, Guangdong Province	-	WANG Chuanzheng (王傳正),	010-60833046
			YANG Yichen (楊伊晨)	
Ping An Securities Company Limited	22/F-25/F, Block B, Ping An Financial Center, 5023 Yitian Road, Futian Street, Futian District, Shenzhen	-	ZHOU Shunqiang (周順強),	0755-33547866
			GUO Jinzhi (郭錦智),	
			LIU Haowen (劉浩文)	
GF Securities Co., Ltd.	43/F, GF Securities Building, No. 26 Machang Road, Tianhe District, Guangzhou City, Guangdong Province	-	WANG Lixin (王麗欣),	020-66338971
			WU Xueting (伍雪婷),	
			YE Runxuan (葉潤軒)	
Huatai United Securities Co., Ltd.	6/F, Block A, Fengming International Building, No. 22 Fengsheng Hutong, Xicheng District, Beijing	-	WU Zhen (吳震),	010-56839300
			CHENG Lujie (程路捷)	
China Galaxy Securities Co., Ltd.	11/F, Qinghai Finance Building, 8 Xiying Street, Fengtai District, Beijing	-	CHEN Qu (陳曲)	010-80927231
Zhongtai Securities Co., Ltd.	17/F, Hongsheng International Center, Chaoyangmen North Street, Dongcheng District, Beijing	-	LI Yue (李越),	010-59013951
			RUAN Zhide (阮智得),	
			GAO Qiuping (高秋萍)	
Jun He Law Offices	20/F, Huarun Building, No. 8 Jianguomen North Street, Dongcheng District, Beijing	-	YU Yongqiang (餘永強),	010-85191300
			DONG Shijia (董士嘉)	

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Name of intermediary	Office address	Name of signing accountant	Contact person	Contact number
Jia Yuan Law Offices	F408, Ocean Building, 158 Fuxingmennei Street, Xicheng District, Beijing	-	SU Dunyuan (蘇敦淵), WANG Hao (王浩)	0755-82789766
Deloitte Touche Tohmatsu Certified Public Accountants LLP	30/F, Bund Center, 222 Yan An Road East, Huangpu District, Shanghai	HONG Ruiming (洪銳明), ZHOU Hanlin (周瀚林)	HONG Ruiming (洪銳明)	020-28311202
Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.	13/F, Huasheng Building, 398 Hankou Road, Shanghai	-	WANG Junying (王雋穎), GAO Fei (高飛)	021-63501349
China Chengxin International Credit Rating Co., Ltd.	60101, Building 1, 2 Nanzhugan Hutong, Dongcheng District, Beijing,	-	ZHAO Tingting (趙婷婷)	010-66428877-359

## Chapter 8: Relevant Information of Bonds

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

Unit: 100 Million Yuan Currency: RMB

Name	Gross proceeds	Amount used	Amount unused	Use of proceeds according to the commitments in the prospectus	Actual use of proceeds	Operation of the special account for proceeds (if any)	Rectification of non-compliant use of proceeds (if any)	Whether it is consistent with the purpose, plan and other commitments in the prospectus
The 2014 Corporate Bonds publicly issued by China Merchants Securities Co., Ltd. (招商證券股份有限公司公開發行2014年公司債券)	55.00	55.00	0.00	Supplementing the working capital of the Company	Supplementing the working capital of the Company	Operating normally	Nil	Yes
The 2021 Type Two Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2021年公司債券(第一期)(品種二))	45.00	45.00	0.00	Supplementing the working capital of the Company	Supplementing the working capital of the Company	Operating normally	Nil	Yes
The 2021 Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2021年公司債券(第二期))	14.00	14.00	0.00	Supplementing the working capital of the Company	Supplementing the working capital of the Company	Operating normally	Nil	Yes
The 2021 Type Two Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2021年公司債券(第三期)(品種二))	40.00	40.00	0.00	Repaying due debts	Repaying due debts	Operating normally	Nil	Yes
The 2021 Type Two Corporate Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2021年公司債券(第四期)(品種二))	43.00	43.00	0.00	Repaying due debts	Repaying due debts	Operating normally	Nil	Yes

## Chapter 8: Relevant Information of Bonds

Name	Gross proceeds	Amount used	Amount unused	Use of proceeds according to the commitments in the prospectus	Actual use of proceeds	Operation of the special account for proceeds (if any)	Rectification of non-compliant use of proceeds (if any)	Whether it is consistent with the purpose, plan and other commitments in the prospectus
The 2021 Type Two Corporate Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2021年公司債券(第五期)(品種二))	50.00	50.00	0.00	Meeting the needs of business operations, adjusting the debt structure, repaying due debts, and supplementing the working capital of the Company	RMB2.7 billion for repaying due debts, and RMB2.3 billion for supplementing the working capital of the Company	Operating normally	Nil	Yes
The 2021 Type Three Corporate Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2021年公司債券(第五期)(品種三))	20.00	20.00	0.00	Meeting the needs of business operations, adjusting the debt structure, repaying due debts, and supplementing the working capital of the Company	Supplementing the working capital of the Company	Operating normally	Nil	Yes
The 2021 Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2021年面向專業投資者公開發行次級債券(第一期))	48.00	48.00	0.00	Meeting the needs of business operations, adjusting the debt structure, repaying due debts, and supplementing the working capital of the Company	Supplementing the working capital of the Company	Operating normally	Nil	Yes
The 2021 Subordinated Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2021年面向專業投資者公開發行次級債券(第二期))	60.00	60.00	0.00	Meeting the needs of business operations, adjusting the debt structure, repaying due debts, and supplementing the working capital of the Company	Supplementing the working capital of the Company	Operating normally	Nil	Yes

## Chapter 8: Relevant Information of Bonds

Name	Gross proceeds	Amount used	Amount unused	Use of proceeds according to the commitments in the prospectus	Actual use of proceeds	Operation of the special account for proceeds (if any)	Rectification of non-compliant use of proceeds (if any)	Whether it is consistent with the purpose, plan and other commitments in the prospectus
The 2021 Subordinated Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2021年面向專業投資者公開發行次級債券(第三期))	60.00	60.00	0.00	Repaying due debts	Repaying due debts	Operating normally	Nil	Yes
The 2021 Type One Subordinated Bonds (sixth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2021年面向專業投資者公開發行次級債券(第六期)(品種一))	40.00	40.00	0.00	Repaying due corporate bonds	Repaying due corporate bonds	Operating normally	Nil	Yes
The 2021 Type Two Subordinated Bonds (sixth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2021年面向專業投資者公開發行次級債券(第六期)(品種二))	10.00	10.00	0.00	Repaying due corporate bonds	Repaying due corporate bonds	Operating normally	Nil	Yes
The 2022 Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2022年公司債券(第一期))	50.00	50.00	0.00	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Operating normally	Nil	Yes
The 2022 Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2022年公司債券(第二期))	40.00	40.00	0.00	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Operating normally	Nil	Yes
The 2022 Type One Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2022年公司債券(第三期)(品種一))	30.00	30.00	0.00	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Operating normally	Nil	Yes

## Chapter 8: Relevant Information of Bonds

Name	Gross proceeds	Amount used	Amount unused	Use of proceeds according to the commitments in the prospectus	Actual use of proceeds	Operation of the special account for proceeds (if any)	Rectification of non-compliant use of proceeds (if any)	Whether it is consistent with the purpose, plan and other commitments in the prospectus
The 2022 Type Two Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2022年公司債券(第三期)(品種二))	50.00	50.00	0.00	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Operating normally	Nil	Yes
The 2022 Perpetual Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2022年面向專業投資者公開發行永續次級債券(第一期))	43.00	43.00	0.00	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Operating normally	Nil	Yes
The 2022 Perpetual Subordinated Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2022年面向專業投資者公開發行永續次級債券(第二期))	47.00	47.00	0.00	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Operating normally	Nil	Yes
The 2022 Perpetual Subordinated Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2022年面向專業投資者公開發行永續次級債券(第三期))	40.00	40.00	0.00	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Operating normally	Nil	Yes
The 2022 Perpetual Subordinated Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2022年面向專業投資者公開發行永續次級債券(第四期))	20.00	20.00	0.00	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Operating normally	Nil	Yes
The 2023 Type One Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2023年公司債券(第一期)(品種一))	40.00	40.00	0.00	Supplementing the working capital of the Company	Supplementing the working capital of the Company	Operating normally	Nil	Yes

## Chapter 8: Relevant Information of Bonds

Name	Gross proceeds	Amount used	Amount unused	Use of proceeds according to the commitments in the prospectus	Actual use of proceeds	Operation of the special account for proceeds (if any)	Rectification of non-compliant use of proceeds (if any)	Whether it is consistent with the purpose, plan and other commitments in the prospectus
The 2023 Type Two Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2023年公司債券(第一期)(品種二))	40.00	40.00	0.00	Supplementing the working capital of the Company	Supplementing the working capital of the Company	Operating normally	Nil	Yes
The 2023 Type One Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2023年公司債券(第二期)(品種一))	28.00	28.00	0.00	Supplementing the working capital of the Company	Supplementing the working capital of the Company	Operating normally	Nil	Yes
The 2023 Type Two Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司面向專業投資者公開發行2023年公司債券(第二期)(品種二))	22.00	22.00	0.00	Supplementing the working capital of the Company	Supplementing the working capital of the Company	Operating normally	Nil	Yes
The 2023 Type One Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行公司債券(第三期)(品種一))	16.00	16.00	0.00	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Operating normally	Nil	Yes
The 2023 Type Two Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行公司債券(第三期)(品種二))	34.00	34.00	0.00	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Operating normally	Nil	Yes

## Chapter 8: Relevant Information of Bonds

Name	Gross proceeds	Amount used	Amount unused	Use of proceeds according to the commitments in the prospectus	Actual use of proceeds	Operation of the special account for proceeds (if any)	Rectification of non-compliant use of proceeds (if any)	Whether it is consistent with the purpose, plan and other commitments in the prospectus
The 2023 Type Two Corporate Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行公司債券(第四期)(品種二))	35.00	35.00	0.00	Meeting the needs of business operations, adjusting the debt structure, repaying due debts, and supplementing the working capital of the Company	Repaying the principal of due corporate bonds	Operating normally	Nil	Yes
The 2023 Type Two Corporate Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行公司債券(第五期)(品種二))	40.00	40.00	0.00	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Operating normally	Nil	Yes
The 2023 Corporate Bonds (sixth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行公司債券(第六期))	30.00	30.00	0.00	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Operating normally	Nil	Yes
The 2023 Type One Corporate Bonds (seventh tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行公司債券(第七期)(品種一))	25.00	25.00	0.00	Supplementing the working capital of the Company	Supplementing the working capital of the Company	Operating normally	Nil	Yes
The 2023 Type Two Corporate Bonds (seventh tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行公司債券(第七期)(品種二))	20.00	20.00	0.00	Supplementing the working capital of the Company	Supplementing the working capital of the Company	Operating normally	Nil	Yes



## Chapter 8: Relevant Information of Bonds

Name	Gross proceeds	Amount used	Amount unused	Use of proceeds according to the commitments in the prospectus	Actual use of proceeds	Operation of the special account for proceeds (if any)	Rectification of non-compliant use of proceeds (if any)	Whether it is consistent with the purpose, plan and other commitments in the prospectus
The 2023 Type One Short-term Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第一期)(品種一))	20.00	20.00	0.00	Supplementing the working capital of the Company	Supplementing the working capital of the Company	Operating normally	Nil	Yes
The 2023 Type Two Short-term Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第一期)(品種二))	40.00	40.00	0.00	Supplementing the working capital of the Company	Supplementing the working capital of the Company	Operating normally	Nil	Yes
The 2023 Type One Short-term Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第二期)(品種一))	40.00	40.00	0.00	Supplementing the working capital of the Company	Supplementing the working capital of the Company	Operating normally	Nil	Yes
The 2023 Type Two Short-term Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第二期)(品種二))	10.00	10.00	0.00	Supplementing the working capital of the Company	Supplementing the working capital of the Company	Operating normally	Nil	Yes
The 2023 Type One Short-term Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第三期)(品種一))	20.00	20.00	0.00	Supplementing the working capital of the Company	Supplementing the working capital of the Company	Operating normally	Nil	Yes
The 2023 Type One Short-term Corporate Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第四期)(品種一))	20.00	20.00	0.00	Supplementing the working capital of the Company	Supplementing the working capital of the Company	Operating normally	Nil	Yes

## Chapter 8: Relevant Information of Bonds

Name	Gross proceeds	Amount used	Amount unused	Use of proceeds according to the commitments in the prospectus	Actual use of proceeds	Operation of the special account for proceeds (if any)	Rectification of non-compliant use of proceeds (if any)	Whether it is consistent with the purpose, plan and other commitments in the prospectus
The 2023 Short-term Corporate Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第五期))	50.00	50.00	0.00	Repaying due debts	Repaying due debts	Operating normally	Nil	Yes
The 2023 Type One Short-term Corporate Bonds (sixth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第六期)(品種一))	45.00	45.00	0.00	Meeting the needs of business operations, adjusting the debt structure, repaying due debts, and supplementing the working capital of the Company	Repaying due debts	Operating normally	Nil	Yes
The 2023 Type One Short-term Corporate Bonds (seventh tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第七期)(品種一))	15.00	15.00	0.00	Repaying due debts	Repaying due debts	Operating normally	Nil	Yes
The 2023 Type Two Short-term Corporate Bonds (seventh tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第七期)(品種二))	45.00	45.00	0.00	Repaying due debts	Repaying due debts	Operating normally	Nil	Yes
The 2023 Type One Short-term Corporate Bonds (eighth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第八期)(品種一))	79.00	79.00	0.00	Meeting the needs of business operations, adjusting the debt structure, repaying due debts, and supplementing the working capital of the Company	Repaying due debts	Operating normally	Nil	Yes

## Chapter 8: Relevant Information of Bonds

Name	Gross proceeds	Amount used	Amount unused	Use of proceeds according to the commitments in the prospectus	Actual use of proceeds	Operation of the special account for proceeds (if any)	Rectification of non-compliant use of proceeds (if any)	Whether it is consistent with the purpose, plan and other commitments in the prospectus
The 2023 Type Two Short-term Corporate Bonds (eighth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第八期)(品種二))	15.00	15.00	0.00	Meeting the needs of business operations, adjusting the debt structure, repaying due debts, and supplementing the working capital of the Company	RMB1 billion for repaying due debts, and RMB0.5 billion for supplementing the working capital of the Company	Operating normally	Nil	Yes
The 2023 Type One Short-term Corporate Bonds (ninth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第九期)(品種一))	40.00	40.00	0.00	Supplementing the working capital of the Company	Supplementing the working capital of the Company	Operating normally	Nil	Yes
The 2023 Type Two Short-term Corporate Bonds (ninth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第九期)(品種二))	40.00	40.00	0.00	Supplementing the working capital of the Company	Supplementing the working capital of the Company	Operating normally	Nil	Yes
The 2023 Type One Short-term Corporate Bonds (tenth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第十期)(品種一))	25.00	25.00	0.00	Repaying due debts	Repaying due debts	Operating normally	Nil	Yes
The 2023 Type Two Short-term Corporate Bonds (tenth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行短期公司債券(第十期)(品種二))	15.00	15.00	0.00	Repaying due debts	Repaying due debts	Operating normally	Nil	Yes

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Name	Gross proceeds	Amount used	Amount unused	Use of proceeds according to the commitments in the prospectus	Actual use of proceeds	Operation of the special account for proceeds (if any)	Rectification of non-compliant use of proceeds (if any)	Whether it is consistent with the purpose, plan and other commitments in the prospectus
The 2023 Type One Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第一期)(品種一))	14.00	14.00	0.00	Repaying due corporate bonds	Repaying due corporate bonds	Operating normally	Nil	Yes
The 2023 Type Two Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第一期)(品種二))	8.00	8.00	0.00	Repaying due corporate bonds	Repaying due corporate bonds	Operating normally	Nil	Yes
The 2023 Type One Subordinated Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第二期)(品種一))	15.00	15.00	0.00	Repaying due corporate bonds	Repaying due corporate bonds	Operating normally	Nil	Yes
The 2023 Type Two Subordinated Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第二期)(品種二))	17.00	17.00	0.00	Repaying due corporate bonds	Repaying due corporate bonds	Operating normally	Nil	Yes
The 2023 Type Two Subordinated Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第三期)(品種二))	33.00	33.00	0.00	Repaying due corporate bonds	Repaying due corporate bonds	Operating normally	Nil	Yes
The 2023 Type One Subordinated Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第四期)(品種一))	10.00	10.00	0.00	Repaying due corporate bonds	Repaying due corporate bonds	Operating normally	Nil	Yes

## Chapter 8: Relevant Information of Bonds

Name	Gross proceeds	Amount used	Amount unused	Use of proceeds according to the commitments in the prospectus	Actual use of proceeds	Operation of the special account for proceeds (if any)	Rectification of non-compliant use of proceeds (if any)	Whether it is consistent with the purpose, plan and other commitments in the prospectus
The 2023 Type Two Subordinated Bonds (fourth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第四期)(品種二))	10.00	10.00	0.00	Repaying due corporate bonds	Repaying due corporate bonds	Operating normally	Nil	Yes
The 2023 Type One Subordinated Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第五期)(品種一))	20.00	20.00	0.00	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Operating normally	Nil	Yes
The 2023 Type Two Subordinated Bonds (fifth tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2023年面向專業投資者公開發行次級債券(第五期)(品種二))	15.00	15.00	0.00	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Operating normally	Nil	Yes
The 2024 Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行公司債券(第一期))	30.00	30.00	0.00	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Operating normally	Nil	Yes
The 2024 Type One Short-term Corporate Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第一期)(品種一))	20.00	20.00	0.00	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Operating normally	Nil	Yes
The 2024 Type One Short-term Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第二期)(品種一))	57.00	57.00	0.00	Meeting the needs of business operations, adjusting the debt structure, repaying due debts, and supplementing the working capital of the Company	RMB4.0 billion for repaying the principal of due corporate bonds, and RMB1.7 billion for supplementing the working capital of the Company	Operating normally	Nil	Yes

## Chapter 8: Relevant Information of Bonds

Name	Gross proceeds	Amount used	Amount unused	Use of proceeds according to the commitments in the prospectus	Actual use of proceeds	Operation of the special account for proceeds (if any)	Rectification of non-compliant use of proceeds (if any)	Whether it is consistent with the purpose, plan and other commitments in the prospectus
The 2024 Type Two Short-term Corporate Bonds (second tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第二期)(品種二))	20.00	20.00	0.00	Meeting the needs of business operations, adjusting the debt structure, repaying due debts, and supplementing the working capital of the Company	Supplementing the working capital of the Company	Operating normally	Nil	Yes
The 2024 Type One Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行次級債券(第一期)(品種一))	9.00	9.00	0.00	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Operating normally	Nil	Yes
The 2024 Type Two Subordinated Bonds (first tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行次級債券(第一期)(品種二))	17.00	17.00	0.00	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Operating normally	Nil	Yes
The 2024 Type One Short-term Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第三期)(品種一))	20.00	20.00	0.00	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Operating normally	Nil	Yes
The 2024 Type Two Short-term Corporate Bonds (third tranche) publicly issued by China Merchants Securities Co., Ltd. to professional investors (招商證券股份有限公司2024年面向專業投資者公開發行短期公司債券(第三期)(品種二))	20.00	20.00	0.00	Repaying the principal of due corporate bonds	Repaying the principal of due corporate bonds	Operating normally	Nil	Yes

## Chapter 8: Relevant Information of Bonds

During the Reporting Period, there was no adjustment to or change in the use of proceeds from the above bonds.

### 5. Execution of and changes in guarantees, debt repayment plans and other repayment guarantee measures during the Reporting Period and their impacts

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

## 6. Other information on corporate bonds

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

As of the beginning and the end of the Reporting Period, the balance of the parent company's interest-bearing liabilities amounted to RMB283.614 billion and RMB339.989 billion, respectively, and the balance of the interest-bearing liabilities recorded a year-on-year change of 19.88% during the Reporting Period.

Unit: RMB100 Million, %

Type of liability	Expiration time		Total	Percentage
	Within one year	Over one year		
Bank loans	–	–	–	–
Bond financing	776.83	726.25	1,503.07	44.21
Of which: Corporate bonds	776.83	726.25	1,503.07	44.21
Debt financing instruments	–	–	–	–
Other interest-bearing liabilities	228.62	12.46	241.08	7.09
Other financing	1,655.74	–	1,655.74	48.70
Of which: Placements from banks and other financial institutions	264.21	–	264.21	7.77
Financial assets sold under repurchase agreements	1,391.53	–	1,391.53	40.93
Total	2,661.18	738.71	3,399.89	100.00

Note: As of the beginning and the end of the Reporting Period, the perpetual subordinated bonds of issuer's parent company amounted to RMB15 billion, which are classified as equity instruments and are not included in interest-bearing liabilities. For details, please see "Other equity instruments" in "Chapter 9: Financial Report".



## Chapter 8: Relevant Information of Bonds

As of the beginning and the end of the Reporting Period, the balance of interest-bearing liabilities within the scope of consolidated statements of the Company amounted to RMB303.156 billion and RMB356.855 billion, respectively, and the balance of the interest-bearing liabilities recorded a year-on-year change of 17.71% during the Reporting Period.

Unit: RMB100 Million, %

Type of liability	Expiration time		Total	Percentage
	Within one year	Over one year		
Bank loans	63.69	17.22	80.90	2.27
Bond financing	812.44	736.20	1,548.64	43.40
Of which: Corporate bonds	776.83	726.25	1,503.07	42.12
Debt financing instruments	35.61	9.95	45.56	1.28
Non-standard financing	229.08	12.46	241.54	6.77
Other interest-bearing liabilities	1,697.46	–	1,697.46	47.57
Of which: Placements from banks and other financial institutions	270.61	–	270.61	7.58
Financial assets sold under repurchase agreements	1,426.85	–	1,426.85	39.98
<b>Total</b>	<b>2,802.67</b>	<b>765.88</b>	<b>3,568.55</b>	<b>100.00</b>

Note: As of the beginning and the end of the Reporting Period, the perpetual subordinated bonds of issuer's parent company amounted to RMB15 billion, which are classified as equity instruments and are not included in interest-bearing liabilities. For details, please see "Other equity instruments" in "Chapter 9: Financial Report".

### (2) Offshore bonds

As of the end of the Reporting Period, the balance of offshore bonds issued within the scope of consolidated statements of the Company amounted to US\$0.5 billion and RMB1 billion, respectively, of which US\$0.5 billion were offshore bonds due within one year.

## Chapter 8: Relevant Information of Bonds

### (II) Accounting data and financial indicators for the last two years as at the end of the Reporting Period

Unit: 100 Million Yuan Currency: RMB

Key indicators	2023	2022 (restated)	Year-on-year change (%)	Reason for the change
Net profit attributable to shareholders of the parent company after deduction of non-recurring profit or loss	87.32	81.81	6.73	–
Current ratio	1.41	1.51	-6.79	–
Quick ratio	1.41	1.51	-6.79	–
Gearing ratio (%)	78.89	77.19	Increased by 1.70 percentage points	–
EBITDA/debt ratio	4.59	5.08	-9.67	–
Interest coverage ratio	2.06	1.96	4.96	–
Cash interest coverage ratio	2.61	7.57	-65.57	Attributable to the decrease in net cash flow generated from operating activities
EBITDA/interest coverage ratio	2.15	2.04	5.19	–
Loan repayment ratio (%)	100.00	100.00	–	–
Interest payment ratio (%)	100.00	100.00	–	–

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

# 09

## Financial Report



### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHINA MERCHANTS SECURITIES CO., LTD.**

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

#### **Opinion**

We have audited the consolidated financial statements of China Merchants Securities Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 298 to 450, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' 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 judgment, were of most significance in our audit of the consolidated financial statements of the current year. 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.

## Chapter 9: Financial Report

### Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Determination of consolidation scope of structured entities</i></p> <p>We identified the determination of consolidation scope of structured entities as a key audit matter due to the significant judgment applied by the management in determining whether a structured entity was required to be consolidated by the Group and the significance of the impact arising from consolidating these structured entities to the Group's consolidated financial statements as a whole.</p> <p>The Group held a number of interests in structured entities including investment funds, collective asset management schemes, trust schemes and limited partnerships where the Group was involved as investment manager or investor. As disclosed in note 4 to the consolidated financial statements, the management applied judgment in determining whether these investments should be consolidated in accordance with International Financial Reporting Standard 10: Consolidated Financial Statements ("IFRS 10") by determining i) whether the Group had power over these investees, and ii) whether the combination of investments it held, if any, together with its remuneration and credit enhancement created exposure to variability of returns from the activities of the investment funds, asset management schemes, trust schemes and limited partnerships that was of such significance that it indicated that the Group had control.</p> <p>As disclosed in notes 21 and 23, as at December 31, 2023, the total assets of the consolidated structured entities amounted to RMB34,296 million and the total assets of the unconsolidated structured entities sponsored by the Group amounted to RMB325,826 million, respectively.</p>	<p>Our procedures in relation to the determination of consolidation scope of structured entities included:</p> <ul style="list-style-type: none"><li>• Understanding the key controls of management in determining the consolidation scope as set out in IFRS 10 of interests in structured entities and evaluating the effectiveness of these controls;</li><li>• Examining, on a sample basis, the related investment contracts and other related service agreements of significant structured entities to determine whether management's conclusion as to whether or not a structured entity was required to be consolidated by the Group was in accordance with IFRS 10; and</li><li>• Checking, on a sample basis, the accuracy of management's calculations of the Group's exposure or right to variable returns from its involvement with the structured entities and examining the data used in these calculations by reference to the related contracts.</li></ul>

## Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Measurement of expected credit losses (“ECL”) for advances to customers and stock-pledged repurchase agreements under financial assets held under resale agreements</i></p> <p>We identified the measurement of ECL for the Group’s financial assets of credit business (advances to customers and stock-pledged repurchase agreements under financial assets held under resale agreements) as a key audit matter due to the significance of these assets to the Group’s consolidated financial statements and the significant management estimates and judgment required in the measurement.</p> <p>As set out in note 62(2) to the consolidated financial statements, the measurement involved significant management estimates and judgment in the following key areas:</p> <ul style="list-style-type: none"> <li>• Determination of the criteria for significant increase in credit risk (“SICR”) and financial assets that are credit impaired;</li> <li>• Use of models and assumptions;</li> <li>• Determination of loss rate.</li> </ul> <p>The high degree of estimation uncertainty of the ECL had a significant impact on the carrying values of these assets.</p> <p>As at December 31, 2023, the Group held advances to customers of RMB83,666 million, recognized expected credit losses of RMB290 million, as disclosed in notes 29 to the consolidated financial statements, and held stock-pledged repurchase agreements of RMB17,706 million, recognized expected credit losses of RMB1,003 million; as disclosed in notes 26 to the consolidated financial statements.</p>	<p>Our procedures in relation to the measurement of ECL for financial assets of credit business included:</p> <ul style="list-style-type: none"> <li>• Understanding the key controls relating to the measurement of ECL for advances to customers and stock-pledged repurchase agreements and evaluating the effectiveness of these controls;</li> <li>• Evaluating the appropriateness of the ECL model and the critical assumptions and parameters used in the model, in particular, loss rate, with the involvement of our internal experts;</li> <li>• Evaluating the appropriateness of the criteria for SICR and financial assets that are credit impaired determined by management and, on a sample basis, testing the application of criteria for SICR and financial assets that are credit impaired to individual advances to customers and stock-pledged repurchase agreements;</li> <li>• Examining the correctness of major inputs to the ECL model for selected samples, including exposure at default and loss rate; and</li> <li>• For credit-impaired financial assets, on a sample basis, assessing the reasonableness of expected credit losses made by management based on the estimated future cash flows by reference to the latest collateral valuations, as appropriate.</li> </ul>

## Chapter 9: Financial Report

### Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuations of financial assets classified under the fair value hierarchy as Level 3</i></p> <p>We identified the valuations of financial assets classified under the fair value hierarchy as Level 3 (“Level 3 financial assets”) as a key audit matter due to the significant management estimates and judgments arising from the involvement of significant unobservable inputs in their valuations.</p> <p>As disclosed in note 63 to the consolidated financial statements, the fair value of the Group’s Level 3 financial assets amounted to RMB13,756 million as at December 31, 2023. Level 3 financial assets were measured using valuation models that involved a number of inputs; some of significant inputs were not based on observable market data, including volatility and discount for lack of marketability, etc.</p>	<p>Our procedures in relation to the valuations of Level 3 financial assets included:</p> <ul style="list-style-type: none"><li>• Understanding the key controls over the valuation process for Level 3 financial assets and evaluating the effectiveness of these controls;</li><li>• Evaluating the appropriateness of the valuation models used by the management for Level 3 financial assets, based on our knowledge of current industry practice;</li><li>• On a sample basis, reading the investment agreements, to understand the relevant investment terms, identifying any conditions that were relevant to the valuations of these financial assets and assessing the application in the valuation;</li><li>• Evaluating, on a sample basis, the appropriateness of the unobservable and observable inputs which are significant, used for measuring the fair value of Level 3 financial assets; and</li><li>• Performing independent valuations of Level 3 financial assets, on a sample basis, and comparing these valuations with the Group’s valuations, with the involvement of our valuation experts, as appropriate.</li></ul>

### Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 Directors and Those Charged with Governance 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 the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal controls as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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



## Chapter 9: Financial Report

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

We communicate with those charged with governance 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.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We also provide those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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 Woo King Wa.

#### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

March 28, 2024

The independent auditor's report and the accompanying consolidated financial statements and related notes have been issued in English. The Chinese version is used as a translated version for reference only. In the event of any discrepancy in the interpretation between the English version and Chinese version, the English version shall prevail.

## Consolidated Statement of Profit or Loss

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	Year ended December 31,	
		2023	2022 (Restated)
Fee and commission income	7	10,485,053	11,916,981
Interest income	8	10,975,823	10,668,243
Investment gains or losses, net	9	6,730,073	5,115,011
Other income and gains or losses, net	10	1,829,489	1,635,565
<b>Total revenue, other income and gains</b>		<b>30,020,438</b>	<b>29,335,800</b>
Depreciation and amortization	11	(766,246)	(697,543)
Staff costs	12	(5,828,680)	(5,802,870)
Fee and commission expenses	13	(2,207,597)	(2,449,716)
Interest expenses	14	(9,523,425)	(9,326,511)
Tax and surcharges		(112,556)	(125,696)
Other operating expenses	15	(3,632,884)	(3,756,057)
Impairment losses under expected credit loss model, net of reversal	16	(187,815)	(300,543)
Other impairment losses, net		–	(6,915)
<b>Total expenses</b>		<b>(22,259,203)</b>	<b>(22,465,851)</b>
Share of results of associates and joint ventures		1,534,458	1,661,711
<b>Profit before income tax</b>		<b>9,295,693</b>	<b>8,531,660</b>
Income tax expenses	17	(526,606)	(454,529)
<b>Profit for the year</b>		<b>8,769,087</b>	<b>8,077,131</b>
Attributable to:			
Shareholders of the Company		8,763,960	8,070,244
Non-controlling interests		5,127	6,887
		<b>8,769,087</b>	<b>8,077,131</b>
Earnings per share attributable to shareholders of the Company (Expressed in RMB per share)	18		
<b>– Basic and diluted</b>		<b>0.94</b>	<b>0.86</b>

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

## Consolidated Statement of Profit or Loss

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Year ended December 31,	
	2023	2022 (Restated)
<b>Profit for the year</b>	<b>8,769,087</b>	<b>8,077,131</b>
<b>Other comprehensive income (expense):</b>		
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Equity instruments designated as at fair value through other comprehensive income:		
Net fair value changes during the year	(118,963)	(296,999)
Income tax impact	(33,303)	72,090
Sub-total	(152,266)	(224,909)
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Debt instruments at fair value through other comprehensive income:		
Net fair value changes during the year	408,250	(376,209)
Reclassification adjustment to profit or loss	(86,024)	172,275
Impairment losses under expected credit loss model, net of reversal	1,346	(15,180)
Income tax impact	(79,796)	52,198
Sub-total	243,776	(166,916)
Share of other comprehensive income of associates and joint ventures, net of related income tax	13,272	2,493
Exchange differences arising from translation of foreign operations	83,085	465,470
<b>Other comprehensive income for the year (net of tax)</b>	<b>187,867</b>	<b>76,138</b>
<b>Total comprehensive income for the year (net of tax)</b>	<b>8,956,954</b>	<b>8,153,269</b>
<b>Attributable to:</b>		
Shareholders of the Company	8,951,827	8,146,382
Non-controlling interests	5,127	6,887
	<b>8,956,954</b>	<b>8,153,269</b>

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

## Consolidated Statement of Financial Position

As At December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	As at December 31,	
		2023	2022 (Restated)
<b>Non-current assets</b>			
Property and equipment	19	1,539,591	1,549,043
Right-of-use assets	20	1,545,738	1,556,646
Goodwill		9,671	9,671
Other intangible assets		344,712	42,611
Interests in associates and joint ventures	22	11,751,540	10,745,849
Equity instruments at fair value through other comprehensive income	24	17,697,437	1,628,336
Debt instruments at amortized cost	25	–	20,411
Financial assets held under resale agreements	26	1,278,800	125,199
Financial assets at fair value through profit or loss	32	10,574,027	9,778,342
Deferred tax assets	27	1,583,773	1,847,338
Other non-current assets	28	589,190	593,169
<b>Total non-current assets</b>		<b>46,914,479</b>	<b>27,896,615</b>
<b>Current assets</b>			
Advances to customers	29	83,666,020	81,541,116
Current tax assets		507,993	440,274
Accounts and other receivables	30	8,936,078	5,820,413
Debt instruments at fair value through other comprehensive income	31	70,798,037	60,888,528
Debt instruments at amortized cost	25	691,493	539,149
Financial assets held under resale agreements	26	48,497,394	49,455,546
Financial assets at fair value through profit or loss	32	268,163,690	231,997,648
Derivative financial assets	33	6,679,137	3,664,686
Other current assets		337,224	37,646
Deposits with exchanges and non-bank financial institutions	34	12,947,109	12,213,224
Clearing settlement funds	35	37,691,722	23,804,906
Cash and bank balances	36	110,022,616	113,377,264
<b>Total current assets</b>		<b>648,938,513</b>	<b>583,780,400</b>
<b>Total assets</b>		<b>695,852,992</b>	<b>611,677,015</b>

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

## Consolidated Statement of Financial Position (Continued)

As At December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	As at December 31,	
		2023	2022 (Restated)
<b>Current liabilities</b>			
Short-term borrowings	38	6,182,840	10,608,902
Short-term debt instruments	39	57,025,735	25,147,999
Placements from banks and other financial institutions	40	27,061,392	10,802,438
Accounts payables to brokerage clients	41	117,852,233	106,377,654
Accrued staff costs	42	5,525,512	6,461,381
Other payables and accrued charges	43	40,083,641	27,538,471
Current tax liabilities		50,830	181,858
Financial liabilities at fair value through profit or loss	44	43,145,361	46,371,940
Derivative financial liabilities	33	6,938,983	2,875,039
Financial assets sold under repurchase agreements	45	142,684,754	120,805,473
Lease liabilities	46	344,454	330,846
Contract liabilities		55,486	63,808
Provisions		677	86,314
Long-term borrowings due within one year	51	185,793	895,160
Bonds payables due within one year	53	47,126,528	63,221,046
<b>Total current liabilities</b>		<b>494,264,219</b>	<b>421,768,329</b>
<b>Net current assets</b>		<b>154,674,294</b>	<b>162,012,071</b>
<b>Total assets less current liabilities</b>		<b>201,588,773</b>	<b>189,908,686</b>

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

## Consolidated Statement of Financial Position (Continued)

As At December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	As at December 31,	
		2023	2022 (Restated)
<b>Equity</b>			
Share capital	47	8,696,526	8,696,526
Other equity instruments	48	15,000,000	15,000,000
Capital reserves		40,362,974	40,346,871
Investment revaluation reserve of financial assets at fair value through other comprehensive income	49	183,476	(180,630)
Translation reserve		321,141	238,056
General reserves	50	23,903,793	22,278,999
Retained profits		33,493,518	28,794,773
Equity attributable to shareholders of the Company		121,961,428	115,174,595
Non-controlling interests		75,505	82,488
<b>Total equity</b>		<b>122,036,933</b>	<b>115,257,083</b>
<b>Non-current liabilities</b>			
Accrued staff costs	42	–	97,490
Deferred tax liabilities	27	558,414	481,909
Financial liabilities at fair value through profit or loss	44	1,390,155	1,372,080
Deferred income		104,452	112,947
Lease liabilities	46	911,064	912,500
Long-term borrowings	52	1,721,818	267,981
Bonds payables	54	74,865,937	71,406,696
<b>Total non-current liabilities</b>		<b>79,551,840</b>	<b>74,651,603</b>
<b>Total equity and non-current liabilities</b>		<b>201,588,773</b>	<b>189,908,686</b>

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

The consolidated financial statements on pages 298 to 450 were approved and authorized for issue by the board of directors on March 28, 2024 and are signed on its behalf by:

**HUO Da**

*Executive Director, Chairman*

**WU Zongmin**

*Executive Director, President*

## Consolidated Statement of Changes In Equity

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Equity attributable to shareholders of the Company								Non-controlling interests	Total
	Share capital	Other equity instruments	Capital reserves	Investment revaluation reserve of financial assets at fair value through other comprehensive income	Translation reserve	General reserves	Retained profits	Sub-total		
	(Note 47)	(Note 48)		(Note 49)		(Note 50)				
At January 1, 2022	8,696,526	15,000,000	40,361,022	196,165	(227,414)	20,744,058	27,732,673	112,503,030	87,421	112,590,451
Effect of changes in accounting policy (note 21)	-	-	-	-	-	-	17,592	17,592	-	17,592
At January 1, 2022 (Restated)	8,696,526	15,000,000	40,361,022	196,165	(227,414)	20,744,058	27,750,265	112,520,622	87,421	112,608,043
Profit for the year (Restated)	-	-	-	-	-	-	8,070,244	8,070,244	6,887	8,077,131
Other comprehensive (expense) income for the year	-	-	-	(389,332)	465,470	-	-	76,138	-	76,138
Total comprehensive (expense) income for the year (Restated)	-	-	-	(389,332)	465,470	-	8,070,244	8,146,382	6,887	8,153,269
Issue of perpetual bonds (note 48)	-	15,000,000	-	-	-	-	-	15,000,000	-	15,000,000
Underwriting fee of issue of perpetual bonds	-	-	(14,151)	-	-	-	-	(14,151)	-	(14,151)
Redemption of perpetual bonds (note 48)	-	(15,000,000)	-	-	-	-	-	(15,000,000)	-	(15,000,000)
Appropriation to general reserves	-	-	-	-	-	1,534,941	(1,534,941)	-	-	-
Distribution to holders of other equity instruments (note 55)	-	-	-	-	-	-	(782,134)	(782,134)	-	(782,134)
Dividends recognized as distribution (note 55)	-	-	-	-	-	-	(4,696,124)	(4,696,124)	(11,820)	(4,707,944)
Transfer to retained profits for cumulative fair value change of FVTOCI upon disposal (note 49)	-	-	-	12,537	-	-	(12,537)	-	-	-
At December 31, 2022 (Restated)	8,696,526	15,000,000	40,346,871	(180,630)	238,056	22,278,999	28,794,773	115,174,595	82,488	115,257,083



## Consolidated Statement of Changes In Equity (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Equity attributable to shareholders of the Company								Non-controlling interests	Total
	Share capital	Other equity instruments	Capital reserves	Investment revaluation reserve of financial assets at fair value through other comprehensive income	Translation reserve	General reserves	Retained profits	Sub-total		
	(Note 47)	(Note 48)		(Note 49)		(Note 50)				
Profit for the year	-	-	-	-	-	-	8,763,960	8,763,960	5,127	8,769,087
Other comprehensive income for the year	-	-	-	104,782	83,085	-	-	187,867	-	187,867
<b>Total comprehensive income for the year</b>	-	-	-	104,782	83,085	-	8,763,960	8,951,827	5,127	8,956,954
Appropriation to general reserves	-	-	-	-	-	1,624,794	(1,624,794)	-	-	-
Distribution to holders of other equity instruments (note 55)	-	-	-	-	-	-	(572,240)	(572,240)	-	(572,240)
Dividends recognized as distribution (note 55)	-	-	-	-	-	-	(1,608,857)	(1,608,857)	(12,110)	(1,620,967)
Transfer to retained profits for cumulative fair value change of FVTOCI upon disposal (note 49)	-	-	-	259,324	-	-	(259,324)	-	-	-
Changes in other capital reserves of associates and joint ventures	-	-	16,103	-	-	-	-	16,103	-	16,103
<b>At December 31, 2023</b>	<b>8,696,526</b>	<b>15,000,000</b>	<b>40,362,974</b>	<b>183,476</b>	<b>321,141</b>	<b>23,903,793</b>	<b>33,493,518</b>	<b>121,961,428</b>	<b>75,505</b>	<b>122,036,933</b>

## Consolidated Statement of Cash Flows

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Year ended December 31	
	2023	2022
<b>Operating activities</b>		
Profit before income tax	9,295,693	8,531,660
<b>Adjustments for:</b>		
Interest expenses	9,523,425	9,326,511
Share of results of associates and joint ventures	(1,534,458)	(1,661,711)
Depreciation and amortization	766,246	697,543
Impairment losses under expected credit loss model, net of reversal and other impairment losses, net	187,815	307,458
(Gains) losses on disposal of property and equipment, other intangible assets and other non-current assets, net	(1,087)	2,549
Foreign exchange losses, net	79,679	61,431
Gains on disposal of interests in an associate	(1,066)	–
Net realized (gains) losses from disposal of financial assets at fair value through other comprehensive income	(86,024)	172,275
Net realized losses from derecognition of financial liabilities measured at amortised cost	338	6,481
Dividend income and interest income from financial assets at fair value through other comprehensive income and debt instruments at amortized cost	(1,740,005)	(1,416,905)
Unrealized fair value changes in financial instruments at fair value through profit or loss	(2,749,672)	4,715,517
Unrealized fair value changes in derivative financial instruments	309,227	(1,687,478)

## Consolidated Statement of Cash Flows (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Year ended December 31	
	2023	2022
<b>Operating cash flows before movements in working capital</b>	<b>14,050,111</b>	<b>19,055,331</b>
(Increase) Decrease in advances to customers	(1,661,631)	17,892,377
Increase in other current assets	(4,020,729)	(830,971)
Increase in financial assets held under resale agreements	(339,195)	(10,508,243)
(Increase) Decrease in financial instruments at fair value through profit or loss, net	(36,700,859)	44,226,164
(Increase) Decrease in deposits with exchanges and non-bank financial institutions	(730,470)	959,190
Decrease in pledged and restricted bank deposits	583,958	349,407
(Increase) Decrease in clearing settlement funds	(4,653,128)	3,050,447
Increase in cash held on behalf of customers	(6,681,687)	(10,250,834)
Increase in accounts payables to brokerage clients	11,276,704	6,106,916
Decrease in accrued staff costs	(1,035,163)	(1,731,870)
Increase (Decrease) in other current liabilities	12,382,030	(5,485,756)
Increase (Decrease) in financial assets sold under repurchase agreements	21,894,804	(6,813,948)
Increase in placements from banks and other financial institutions	16,215,921	4,070,000
<b>Net cash from operations</b>	<b>20,580,666</b>	<b>60,088,210</b>
Income taxes paid	(498,424)	(1,280,134)
Interest paid	(4,313,330)	(3,504,621)
<b>Net cash from operating activities</b>	<b>15,768,912</b>	<b>55,303,455</b>
<b>Investing activities</b>		
Dividends and interest received from investments	2,350,436	2,093,900
Purchases of property and equipment, other intangible assets and other non-current assets	(608,244)	(560,250)
Proceeds from disposals of property and equipment, other intangible assets and other non-current assets	4,650	1,630
Proceeds on disposal of interest in an associate	3,097	7,200
Net purchase or proceeds from purchases of financial instruments at fair value through other comprehensive income	(25,742,154)	(21,170,963)
Net purchase or proceeds from purchases or disposals of debt instruments at amortized cost	(102,641)	498,687
<b>Net cash used in investing activities</b>	<b>(24,094,856)</b>	<b>(19,129,796)</b>

## Consolidated Statement of Cash Flows (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Year ended December 31	
	2023	2022
<b>Financing activities</b>		
Dividends paid to shareholders and other equity instruments holders	(2,193,207)	(5,510,034)
Interest payment of bonds and short-term debt instruments	(5,630,809)	(5,560,584)
Interest payment of borrowings	(362,506)	(115,093)
Interest payment of lease liabilities	(38,823)	(58,433)
Repayment of bonds and short-term debt instruments	(117,007,789)	(85,262,139)
Repayment of lease liabilities	(358,159)	(335,365)
Repayment of perpetual bonds	–	(15,000,000)
Proceeds from bonds and short-term debt instruments	137,081,571	71,104,881
Net (repayment of) proceeds from short-term borrowings	(4,509,148)	4,651,337
Proceeds from long-term borrowings	720,144	85,544
Proceeds from perpetual bonds	–	15,000,000
Payment of underwriting fee of issue of perpetual bonds	–	(14,151)
<b>Net cash from (used in) financing activities</b>	<b>7,701,274</b>	<b>(21,014,037)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(624,670)</b>	<b>15,159,622</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>30,226,988</b>	<b>14,597,238</b>
Effect of foreign exchange rate changes	179,307	470,128
<b>Cash and cash equivalents at the end of the year</b>	<b>29,781,625</b>	<b>30,226,988</b>
<b>Interest received included in net cash from operating activities</b>	<b>8,785,583</b>	<b>8,860,033</b>

## Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 1. CORPORATE INFORMATION

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

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

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

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

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

As at December 31, 2023, the Company’s registered capital was RMB8,696,526,806 and the Company has a total of 8,696,526,806 issued shares of RMB1 each.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 1. CORPORATE INFORMATION (continued)

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

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

### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

#### 2.1 New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") for the first time, which are mandatory effective for the annual period beginning on or after January 1, 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

#### 2.1 New and amendments to IFRSs that are mandatorily effective for the current year (continued)

##### 2.1.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 utilised. 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 and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

The Group previously applied the IAS 12 requirements to assets and liabilities arising from a single transaction separately and temporary differences on initial recognition on the relevant assets and liabilities were not recognised due to application of the initial recognition exemption. In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after January 1, 2022;
- (ii) the Group also, as at January 1, 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use assets and lease liabilities.

The effects of the changes in accounting policy as a result of application of amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction on the consolidated statement of profit or loss are as follows, the application of the amendment has had no impact on the Group’s other comprehensive income.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

#### 2.1 New and amendments to IFRSs that are mandatorily effective for the current year (continued)

##### 2.1.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (continued)

	For the year ended December 31,	
	2023	2022
<b>Impact on profit for the year</b>		
Net increase in income tax expense	2,342	2,075
Net decrease in profit for the year	(2,342)	(2,075)
<b>Decrease in profit for the year attributable to:</b>		
Shareholders of the Company	(2,342)	(2,075)
Non-controlling interests	–	–
	<b>(2,342)</b>	<b>(2,075)</b>

For the year ended December 31, 2023 and 2022, there were no material impact on earnings per share.

The effects of the changes in accounting policy as a result of application of amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction on the consolidated statement of financial position as at the end of the immediately preceding financial year, i.e. December 31, 2022, are as follows:

	As at December 31, 2022 (Audited)	Adjustments	As at December 31, 2022 (Restated)
Deferred tax assets	1,832,205	15,133	1,847,338
Deferred tax liabilities	482,293	(384)	481,909
<b>Total effects on net assets</b>	<b>1,349,912</b>	<b>15,517</b>	<b>1,365,429</b>
Retained profits	28,779,256	15,517	28,794,773
<b>Total effects on equity</b>	<b>28,779,256</b>	<b>15,517</b>	<b>28,794,773</b>



## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

#### 2.1 New and amendments to IFRSs that are mandatorily effective for the current year (continued)

##### 2.1.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (continued)

The effect of the changes in accounting policy as a result of application of amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction on the consolidated statement of financial position as at the beginning of the comparative period, i.e. January 1, 2022, is as follows:

	As at 1 January, 2022 (Audited)	Adjustments	As at 1 January, 2022 (Restated)
Deferred tax assets	1,561,415	16,974	1,578,389
Deferred tax liabilities	491,857	(618)	491,239
<b>Total effects on net assets</b>	<b>1,069,558</b>	<b>17,592</b>	<b>1,087,150</b>
Retained profits	27,732,673	17,592	27,750,265
<b>Total effects on equity</b>	<b>27,732,673</b>	<b>17,592</b>	<b>27,750,265</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

#### 2.1 New and amendments to IFRSs that are mandatorily effective for the current year (continued)

##### 2.1.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (continued)

Except as described above, the application of the new IFRSs and amendments to IFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### 2.2 New and amendments IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective.

Amendments IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2024

<sup>3</sup> Effective for annual periods beginning on or after January 1, 2025

The directors of the Company anticipate that the application of all the new and amendments to IFRSs will have no material impact on the consolidated financial statement in the foreseeable future.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (“IASB”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies as follows.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are accounted for in accordance with IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 Impairment of Assets.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: Inputs are quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3: Inputs are unobservable inputs for the asset or liability.

The principal accounting policies are as follows.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved where the Company: (a) has power over the investee; (b) is exposed, or has rights, to variable returns from its involvement with the investee; and (c) has the ability to use its power to affect its 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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Investments in subsidiaries are stated at cost less accumulated impairment loss, if any, in the Company's statement of financial position. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or losses from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company 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 into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserve between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION(continued)

#### Basis of consolidation (continued)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments ("IFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

#### Structured entities

The Group serves as the manager of collective asset management schemes, funds and partnerships. These collective asset management schemes, funds and partnerships invest mainly in equities, debt securities, cash and cash equivalents and securities-backed lending under resales agreements. The Group's proportion of ownership in these structured entities can fluctuate from day to day according to the Group's and third-party participation in them. Where the Group is deemed to control such collective asset management schemes, funds and partnerships, with control determined based on an analysis of the guidance in IFRS 10 Consolidated Financial Statements, they are consolidated, with the interests of parties other than the Group being classified as liabilities because there is a contractual obligation for the relevant group entity as an issuer to repurchase or redeem units in such collective asset management schemes, funds and partnerships for cash. These are presented as "financial liabilities at fair value through profit or loss" ("FVTPL") in the consolidated statement of financial position.

#### Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-Based Payment at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and
- lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

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

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognized in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Foreign currencies

When the Company receives capital in foreign currencies from investors, the capital is translated to functional currency at the spot exchange rate on the date of receipt. Other foreign currency transactions are, on initial recognition, translated to functional currency at the spot exchange rates or the rates that approximate the spot exchange rates on the dates of the transactions.

A spot exchange rate is an exchange rate quoted by the "People's Bank of China", the State Administrative of Foreign Exchange or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, normally the average exchange rate of the current year.

Monetary items denominated in foreign currencies are translated to functional currency at the spot exchange rate at the end of the year. The resulting exchange differences are recognized in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to functional currency using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate on the date the fair value is determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The assets and liabilities of foreign operation are translated to presentation currency at the spot exchange rate at the end of reporting period. The equity items, excluding "retained profits", are translated to presentation currency at the spot exchange rates at the transaction dates. The income and expenses of foreign operation are translated to presentation currency at the rates that approximate the spot exchange rates. The resulting translation differences are recognized in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Company's interests in subsidiaries and associates and joint ventures.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to insignificant risk of change in value.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Goodwill

Goodwill represents the excess of:

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of associates and joint ventures is described below.



## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Interests 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 joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. 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 results and assets and liabilities of associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting, unless it is classified as held for sale. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exist, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Interests in associates and joint ventures (continued)

Upon disposal or partial disposal of the Group's interest in an associate or a joint venture in which the Group lost significant influence and discontinued the use of equity method, any retained interest that is within the scope of IFRS 9 is measured at fair value on that date, the difference between the carrying amount of the associate or joint venture at the date, and the proceeds from disposing of such interest (or partial interest) in the associate or joint venture and the fair value of the retained interest is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in their comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related asset or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

When an investment in an associate or a joint venture is held by, or is held indirectly through, a group entity that is a venture capital organization and similar entities, the Group may elect to measure investments in those associates or joint ventures at fair value through profit or loss in accordance with IFRS 9.

#### Property and equipment and other non-current assets

Property and equipment including buildings, motor vehicles, electronic and communication equipment and others, and other non-current assets including leasehold improvement and deferred expenses for use in the supply of services, or for administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation/amortization and subsequent accumulated impairment losses, if any.

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

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Property and equipment and other non-current assets (continued)

Construction in progress is carried at cost, less any recognized impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories when completed and ready for intended use. Depreciation/amortization of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

If an item of property and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, the cost and accumulated depreciation of that item at the date of transfer are transferred to investment property for subsequent measurement and disclosure purposes.

The estimated residual value rates and useful lives of each class of property and equipment and other non-current assets are as follows:

Classes	Estimated residual value rates	Useful lives
Leasehold land and buildings	5%	30 – 50 years
Motor vehicles	5%	5 years
Electronic and communication equipment	5%	5 years
Office equipment	5%	5 years

#### Intangible assets

##### (i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates 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 (see the accounting policy in respect of impairment on non-financial assets other than goodwill below).

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Intangible assets (continued)

##### (i) Intangible assets acquired separately (continued)

The estimated useful lives of each class of intangible assets with finite useful life are as follows:

Classes	Useful lives
Trading rights	10 years
Others	5 years

##### (ii) Intangible assets acquired in a business combination

The intangible assets acquired in the business combination shall be separately recognized from the goodwill, and shall be initially recognized based on the fair value at the acquisition date (as the cost of the intangible assets).

After the initial recognition, the intangible assets with limited useful lives obtained in the business combination shall be presented on the same basis as the intangible assets obtained separately, and shall be presented according to the cost minus accumulated amortization and any accumulated impairment losses. Intangible assets with indefinite useful lives obtained in a business combination are stated at cost less any subsequent accumulated impairment losses. (Please refer to the accounting policy related to the impairment on non-financial assets other than goodwill below).

An intangible asset is derecognized when it is disposed of or it is expected that its use or disposal will no longer generate future economic benefits. The gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss on derecognition of the asset.

#### Impairment on non-financial assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets, investment property, intangible assets with finite useful lives, and other non-current assets 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 asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, 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.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Impairment on non-financial assets other than goodwill (continued)

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 for which the estimates of future cash flows have not been adjusted.

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 the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

#### Leases

##### (i) Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### (ii) The Group as lessee

#### Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Leases (continued)

##### (ii) The Group as lessee (continued)

#### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets.

Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

#### Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position.

#### Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Leases (continued)

##### (ii) The Group as lessee (continued)

#### Lease liabilities (continued)

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, initially measured using the index or rate at the commencement date;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review or expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

#### Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Leases (continued)

##### *(ii) The Group as lessee (continued)*

#### Lease modifications (continued)

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

##### *(iii) The Group as lessors*

#### Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognized as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term.

#### Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.



## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

If the construction of qualifying assets have been suspended under abnormal circumstances, the corresponding capitalization of the borrowing cost should be suspended accordingly.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

#### Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income and gains or losses".

#### Employee benefits

##### (i) Salaries and allowances

Salaries and allowances are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

##### (ii) Contributions to retirement benefits scheme

The Group participates in Central Provident Fund Scheme for its employees in the PRC organized by the municipal governments of the relevant provinces. The Group also participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") for its employees in Hong Kong under the Mandatory Provident Fund Scheme Ordinance. The Group also sets up annuity scheme for qualified employees. Annuity contributions are accrued and recognized in profit or loss based on a certain percentage of the participants' total salary when employees have rendered service entitling them to the contributions.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

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### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Employee benefits (continued)

##### *(iii) Other social welfare*

Social welfare expenditure refers to payments for employees' social welfare system established by the government of the PRC, including social pension insurance, health care insurance, housing funds and other social welfare contributions. The Group contributes on a regular basis to these funds based on certain percentage of the employees' salaries and the contributions are recognized in profit or loss for the period when employees have rendered service entitling them to the contribution. The Group's liabilities in respect of these funds are limited to the contribution payables in the reporting period.

##### *(iv) Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in respect of their services in the current and prior periods.

#### Taxation

Income tax expense represents the sum of current and deferred income tax expense. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

##### *(i) Current tax*

Current tax is the expected tax payables or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payables in respect of previous years.

##### *(ii) Deferred tax*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Taxation (continued)

##### (ii) *Deferred tax (continued)*

Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and at the time of the transaction does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow 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 is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and when they relate to taxes levied by the same tax authority and the Group intend to settle current tax liabilities and assets on a net basis.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

##### (iii) *Income tax offsetting*

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (i) Recognition and derecognition of financial instruments

A financial asset or financial liability is recognized in the statements of financial position when the Group becomes a party to the contractual provisions of a financial instrument.

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payables is recognized in profit or loss.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortized over the remaining term. Any adjustment to the carrying amount of the financial liability is recognized in profit or loss at the date of modification.

#### (ii) Classification of financial assets

The Group classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Financial instruments (continued)

##### (ii) Classification of financial assets (continued)

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income as stated above. However, the Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

A financial asset is 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.

At initial recognition, the Group may irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

##### (iii) Financial liabilities and equity instruments

#### 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.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Financial instruments (continued)

##### (iii) Financial liabilities and equity instruments (continued)

#### Financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortized cost, except for:

- financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.
- Financial guarantee contracts and loan commitments which bear interest lower than the prevailing market rates that are not within the scope of the above.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

##### (iv) Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host. An embedded derivative and its host contract form a hybrid contract.

If a hybrid contract contains a host that is an asset within the scope of IFRS 9, the Group shall not separate an embedded derivative from the host, but shall apply the requirements of IFRS 9 to the entire hybrid contract.

##### (v) Reclassification of financial instruments

When, and only when, the Group changes its business model for managing financial assets it shall reclassify all affected financial assets. The Group shall not reclassify any financial liability.

If the Group reclassifies financial assets, it shall apply the reclassification prospectively from the reclassification date. The Group shall not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

- If the Group reclassifies a financial asset out of the amortized cost measurement category and into the fair value through profit or loss measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Financial instruments (continued)

##### (v) Reclassification of financial instruments (continued)

- If the Group reclassifies a financial asset out of the amortized cost measurement category and into the fair value through other comprehensive income measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.
- If the Group reclassifies a financial asset out of the fair value through other comprehensive income measurement category and into the amortized cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortized cost. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.
- If the Group reclassifies a financial asset out of the fair value through other comprehensive income measurement category and into the fair value through profit or loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss at the reclassification date.
- If the Group reclassifies a financial asset out of the fair value through profit or loss measurement category and into the amortized cost measurement category, its fair value at the reclassification date becomes its new gross carrying amount.
- If the Group reclassifies a financial asset out of the fair value through profit or loss measurement category and into the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.

When reclassifying the financial assets, the Group determines effective interest rate based on the fair value of the financial assets at the reclassification date.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Financial instruments (continued)

##### *(vi) Measurement of financial instruments*

The Group initially recognizes a financial asset or financial liability at its fair value. Fair value is the transaction price of a financial asset or financial liability. 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.

After initial recognition, the Group subsequently measure a financial asset at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

After initial recognition, the Group subsequently measure a financial liability at amortized cost or fair value through profit or loss.

Interest income is calculated by using the effective interest method. Interest income is recognized by applying the effective interest rate to the gross carrying amount of financial assets, except the follows:

For purchased or originated credit-impaired financial assets, the interest income is recognized by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

For financial assets that are not purchased or originated credit-impaired but become credit-impaired financial assets subsequently, the interest income is recognized by applying the effective interest rate to the amortized cost of financial assets. If the credit risk on the credit-impaired financial instrument improves so that it is no longer credit-impaired and the improvement in the credit quality is related objectively to a certain event occurring after the application of rules mentioned above, such as the credit rating of the borrower is increased, then the interest income will be recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

##### *(vii) Impairment of financial instruments*

The Group recognize a loss allowance for expected credit losses (“ECL”) for the following items:

- financial assets that are measured at amortized cost or debt instruments measured at fair value through other comprehensive;
- lease receivables;
- contract assets;
- loan commitments that are not measured at fair value through profit or loss.

ECL is a probability-weighted estimate of credit losses (ie the present value of all cash shortfalls) over the expected life of the financial instrument.



## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Financial instruments (continued)

##### *(vii) Impairment of financial instruments (continued)*

The Group always recognizes lifetime ECL for accounts receivable recognized under IFRS 15. The ECL is assessed individually for debtors with significant balances and/or collectively using an impairment matrix.

Except for accounts receivable recognized under IFRS 15, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition at the reporting date and recognizes the loss allowance for expected credit loss and its movement.

- The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition. An impairment loss (gain) is recognized in profit or loss for the amount of ECL (or reversal) needed to adjust the loss allowance at the reporting date to the required amount.
- The Group measure the loss allowance for a financial instrument at an amount equal to the 12-month ECL if the credit risk on that financial instrument has not increased significantly since initial recognition. An impairment loss (gain) is recognized in profit or loss for the amount of ECL (or reversal) needed to adjust the loss allowance at the reporting date to the required amount.

A financial asset is credit-impaired when one or more events 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 borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Financial instruments (continued)

##### (viii) Profit or loss

A gain or loss on a financial asset or financial liability that is measured at fair value shall be recognized in profit or loss unless:

- it is a non-held for trading investment in an equity instrument that is designated as at fair value through other comprehensive income based on “3. Financial Instruments: (ii) Classification of financial assets”. When the financial asset is derecognized, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment;
- it is a financial liability designated as at fair value through profit or loss and the entity is required to present the effects of changes in the liability’s credit risk in other comprehensive income and other changes in the fair value of the financial liabilities are included in the profit and loss. When the financial liability is derecognized, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings as a reclassification adjustment;
- it is a financial asset measured at fair value through other comprehensive income based on “3. Financial Instruments: (ii) Classification of financial assets” and the entity is required to recognize fair value changes in other comprehensive income except for impairment gains or losses and foreign exchange gains and losses. Interest calculated using the effective interest method is recognised in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

A gain or loss on a financial asset that is measured at amortized cost and is not part of a hedging is recognized in profit or loss when the financial asset is derecognized, reclassified, during the amortization process or in order to recognize impairment or losses. A gain or loss on a financial liability that is measured at amortized cost and is not part of a hedging is recognized in profit or loss when the financial liability is derecognized and through the amortization process.

##### (ix) Estimation of fair value

If there is a principal market for the asset or liability, the fair value measurement represents the price in that market.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include market approach, income approach and cost approach. Unobservable inputs are acceptable in valuation technique only when observable inputs are not available.

The fair value of a liability reflects the effect of non-performance risk. Non-performance risk includes, but may not be limited to, an entity’s own credit risk. Non-performance risk is assumed to be the same before and after the transfer of the liability.

## Notes to the Consolidated Financial Statements (Continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Financial instruments (continued)

##### (x) *Transfer and derecognize of financial assets*

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between:

- the carrying amount (measured at the date of derecognition); and
- the consideration received and the related fair value change previously recognized in other comprehensive income are recognized in profit or loss.

If a part of a financial asset is transferred and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognized and the part that is derecognized, on the basis of the relative fair values of those parts on the date of the transfer. The difference between:

- the carrying amount (measured at the date of derecognition) allocated to the part derecognized; and
- the consideration received for the part derecognized and the related fair value change previously recognized in other comprehensive income are recognized in profit or loss.

If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the entity shall continue to recognize the transferred asset in its entirety and shall recognize a financial liability for the consideration received.

For continuing involvement in transfer of financial assets, the Group continues to recognise the transferred asset to the extent of its continuing involvement and an associated liability.

##### (xi) *Derivative financial instruments*

Derivative financial instruments are initially measured at fair value at the date a derivative contract is entered into and are subsequently measured at fair value. Changes in fair value of these derivative financial instruments other than those designed as hedging instrument are recognized in profit or loss.

All derivatives are recognized as assets when the fair value is positive and as liabilities when the fair value is negative.

Fair values are obtained from quoted market prices in an active market or are determined using valuation techniques, including discounted cash flow model and options pricing model as appropriate.

## Notes to the Consolidated Financial Statements (Continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Financial instruments (continued)

##### *(xii) Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when the Group has a legally enforceable right to set off the recognized amounts and the transactions are intended to be settled on a net basis, or by realizing the asset and settling the liability simultaneously.

#### Revenue from contracts with customers

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

An entity shall account for a contract with a customer that is within the scope of this Standard only when all of the following criteria are met:

- the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- the entity can identify each party’s rights regarding the goods or services to be transferred;
- the entity can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance (i.e. the risk, timing or amount of the entity’s future cash flows is expected to change as a result of the contract); and
- it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

When a contract with a customer does not meet the criteria stated above and an entity receives consideration from the customer, the entity shall recognize the consideration received as revenue only when either of the following events has occurred: (1) the entity has no remaining obligations to transfer goods or services to the customer; and (2) all, or substantially all, of the consideration promised by the customer has been received by the entity and is non-refundable, otherwise the consideration received from a customer should be considered as a contract liability.

## Notes to the Consolidated Financial Statements (Continued)

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### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Revenue from contracts with customers (continued)

Revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service. The Group shall consider indicators of the transfer of control, which include, but are not limited to, the following:

- The Group has a present right to payment for the asset and a customer is presently obliged to pay for an asset.
- The Group has transferred the significant risks and rewards of ownership of the asset and the customer has the significant risks and rewards of ownership of the asset.
- The Group has transferred the legal title of the asset and the customer has legal title of the asset.
- The Group has transferred physical possession of the asset and the customer has obtained physical possession of an asset.
- The customer has accepted the good for service.
- Other indicators of the transfer of control of the good or service to the customer.

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Revenue from contracts with customers (continued)

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Details of the recognition criteria of major types of revenue of the Group are as follows:

#### (i) *Fee and commission income*

- Brokerage commission income is recognized at a point in time on a trade date basis at a certain percentage of the transaction value of the trades executed.
- Handling and settlement fee income arising from brokerage business is recognized at a point in time when the related services are rendered.
- Commission income of the agency custody of securities business is recognized over time as the customers simultaneously receive benefits provided by the Group.
- Underwriting and sponsoring fees are recognised when the Group has fulfilled its obligations under the underwriting and sponsoring contract.
- Asset and fund management fee income is recognized as a performance obligation satisfied over time as the customers simultaneously receive benefits provided by the Group.
- Depending on the nature of the services and the contract terms, financial advisory services are recognised in profit or loss over time using a method that depicts the Group's performance, or at a point in time when the service is completed.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

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### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Revenue from contracts with customers (continued)

##### (ii) Interest income

Interest income from a financial asset is recognised on an accrual basis using the effective interest method.

##### (iii) Other income

Other income is recognized when contracts are due for settlement or services are provided. It mainly comes from the bulk commodities trading of the Group's commodities trading subsidiaries. The revenue is recognized at a point in time when the Group fulfills its performance obligations in the contract and the customer obtains the control of relevant bulk commodity goods.

#### Provision

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and the amount of the obligation can be reliably measured.

The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organization, management requirements and internal reporting system. Each of the Group's operating segments represents a strategic business unit that offers services which are subject to risks and returns that are different from the other operating segments.

Two or more operating segments may be aggregated into a single operating segment if the segments have same or similar economic characteristics and are similar in respect of the nature of each products and service, the nature of production processes, the type or class of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Financial performance is regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance, and for which consolidated financial statements regarding financial position, financial performance and cash flows is available.

Inter segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

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### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where the Group and one or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises.

### 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, 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. Actual results may differ from these estimates.

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

#### Critical judgments in applying accounting policies

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

#### *Determination of consolidation scope*

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor and/or as an investment manager, 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, investment funds and limited partnerships where the Group involves as manager and also as investor, the Group assesses whether the combination of investments it holds together with its remuneration and credit enhancement creates exposure to variability of returns from the activities of the collective asset management schemes, investment funds and limited partnerships that is of such significance that it indicates that the Group is a principal. The collective asset management schemes, investment funds and limited partnerships are consolidated if the Group has control.



## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

#### Critical judgments in applying accounting policies (continued)

##### *Classification of financial assets*

The classification and measurement of financial assets depend on contractual cash flow test and business model test. The Group will consider all the relevant evidences in the business model test, including the way the performance of financial assets are evaluated and reported to the key management, the risk affected the performance of financial asset and how the risk are managed, as well as how the management are paid. The Group also needs to judge whether the contractual cash flow generated by financial assets is only the payment of the principal and interest based on the principal outstanding.

##### **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.

##### *Measurement of ECL*

##### **Significant increase in credit risk and impairment**

In assessing the measurement of expected credit losses (“ECLs”) of financial assets, the Group judges whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition and whether a credit impairment occurs. During the judgement process, both quantitative and qualitative information is also taken into consideration, including forward-looking information.

##### **Establishment of assets group with similar risk characteristics**

When the expected credit loss is measured on a group basis, the financial instruments are grouped by similar characteristics of risk. The Group continuously assesses whether these financial instruments continue to maintain similar credit risk characteristics, so as to ensure that once the characteristics of credit risk change, the financial instruments will be appropriately reclassified. This may result in new assets group or reclassification of assets to certain existing assets group, so as to better reflect the similar credit risk characteristics of which category of assets.

##### **Use of model and assumption**

The Group adopts different models and assumptions to assess the fair value and expected credit loss of financial assets. The Group determines the applicable model for each category of financial assets using judgment so as to determine the assumptions used by such models, including assumptions relating to the key drivers of credit risk.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

#### Key sources of estimation uncertainty (continued)

##### *Measurement of ECL (continued)*

##### **Forward-looking information**

In assessing the expected credit loss, the Group used reasonable forward-looking information. Such information is based on the assumption of future trend of different economic driving factors, and the assumption of how these economic driving factors affect each other.

##### **Probability of default**

The probability is key input of expected credit risk. The probability of default is the estimates of possibility of default in certain period of time. The calculation involves historical information, assumption and expectation of future conditions.

##### **Loss given default**

Loss given default is the estimate of loss arising from default. It is based on the difference between contractual cash flows and the cash flows expected to be received by the borrower, and also considered the cash flows from pledge assets and overall credit enhancement.

Details of above significant judgment and estimation on ECL are set out in note 62(2).

##### *Fair value of financial instruments*

The Group uses valuation techniques to estimate the fair value of financial instruments which are not quoted in an active market. These valuation techniques use observable inputs and data of the market. When the market observable inputs are not available, the Group make estimate on the significant unobservable inputs and data. Details of fair value measurement are set out in note 63.

##### *Income taxes and deferred tax assets*

There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the current income tax and deferred income tax in the period during which such a determination is made.

The realization of a deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

#### Key sources of estimation uncertainty (continued)

##### Income taxes and deferred tax assets (continued)

In cases where it becomes probable that sufficient profits or taxable temporary differences are expected to be generated, deferred tax assets would be recognized in profit or loss in that period. On the contrary, if sufficient profits or taxable temporary differences are not expected to be generated, deferred tax assets would be reversed in profit or loss in that period. Details of the tax losses and deductible temporary differences are disclosed in note 27 to consolidated financial statements. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilized, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

### 5. TAXATION

The Group's main applicable taxes and tax rates are as follows:

Tax type	Tax basis	Tax rates
Enterprise income tax ("EIT") <sup>(i)</sup>	Based on taxable profits	25%, 20% <sup>(ii)</sup> , 16.5% <sup>(iii)</sup> , 15% <sup>(iv)</sup>
Value added tax ("VAT")	The output VAT is calculated on the basis of taxable income. After deducting the input VAT allowed to be deducted in the current period, the difference is the VAT payable.	6%, 3% <sup>(v)</sup>
City maintenance and construction tax	Based on value added tax accrued	7%
Education surcharge	Based on value added tax accrued	3%
Local education surcharge	Based on value added tax accrued	2%

- (i) In accordance with the announcement of the State Administration of Taxation concerning the collection of EIT for cross regional operation (No. 57 of the State Administration of Taxation in 2012). The Company adopts the regulations of "integrated calculation, hierarchical management, advance payments in regions where the entities operate, centralization of final settlements and transfers between central and local authorities" for payments of EIT.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 5. TAXATION (continued)

- (ii) According to the Enterprise Income Tax Law of the People's Republic of China and relevant regulation on the implementation, and the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Small and Micro Enterprises (Cai Shui [2022] No. 13, hereinafter referred to as the "Notice") and other regulations, the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Small and Micro Enterprises and Individual Proprietorships (Cai Shui [2023] No. 6), the Notice of the Ministry of Finance and the State Administration of Taxation of Further Supporting the Development of Small and Micro Enterprises and Self-Employed Businesses with Relevant Tax and Fee Policies (Cai Shui [2023] No. 12), and during the period from January 1, 2022 to December 31, 2024, for an enterprise with an annual taxable income that is not less than RMB1 million nor more than RMB3 million, it will have its taxable income reduced by 25%, and the applicable enterprise income tax rate will be 20%, and during the period from January 1, 2023 to December 31, 2024, for an enterprise with annual taxable income not exceeding RMB1 million, the tax base will be reduced to 25%, and corporate income tax will be paid at 20%, and the policy that for the small and micro enterprises, the tax base will be reduced to 25%, and the applicable enterprise income tax rate will be 20%, continue to be implemented until December 31, 2027. Three subsidiaries of China Merchants Zhiyuan Capital Investment Co., Ltd., which is the subsidiary of the Company, benefit from the above-mentioned preferential tax policies.
- (iii) The Company's subsidiary China Merchants Securities International Company Limited and its subsidiaries which are registered in Hong Kong shall pay Hong Kong Profits Tax. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime and will continue to be taxed at a flat rate of 16.5%.
- (iv) According to the announcement of the Ministry of Finance, the State Administration of Taxation and National Development and Reform Commission on continuing the EIT Preferential Policies for the Development of Western China, from January 1, 2021 to December 31, 2030, qualified companies are subject to a tax rate of 15%. The subsidiary of the Group incorporated in Ganzhou namely, Ganzhou China Merchants Zhiyuan No. 1 Fund Management Co., Ltd. is subject to the above-mentioned preferential tax policies.
- (v) According to the Notice on finance, real estate development, education industry, etc. (Cai Shui [2016] No. 140), the supplementary notice on issues related to VAT of asset management products (Cai Shui [2017] No. 2) and the notice on issues related to VAT of asset management products (Cai Shui [2017] No. 56) issued by the Ministry of Finance and the State Administration of Taxation, the VAT taxable income accrued from the asset management product manager in the process of managing their products can temporarily apply a simple tax calculation method and pay the VAT at the rate of 3% commencing from January 1, 2018.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 6. SEGMENT INFORMATION

#### (1) Operating segments

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

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

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

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 6. SEGMENT INFORMATION (continued)

#### (1) Operating segments (continued)

The operating and reportable segment information provided to the chief operating decision maker (hereinafter refer as "CODM") for the year ended December 31, 2023 and 2022 are as follows:

	Wealth management and institutional business	Investment banking	Investment management	Investment and trading	Others	Elimination	Total
<b>For the year ended December 31, 2023</b>							
<b>Segment revenue and results</b>							
- Segment revenue	16,652,189	1,426,891	994,366	8,481,821	721,706	(86,024)	28,190,949
- Segment other income and gains or losses	6,123	-	7,794	3,533	1,812,039	-	1,829,489
Segment revenue and other income	16,658,312	1,426,891	1,002,160	8,485,354	2,533,745	(86,024)	30,020,438
Segment expenses	(12,309,319)	(697,206)	(392,952)	(6,270,062)	(2,675,688)	86,024	(22,259,203)
Segment result	4,348,993	729,685	609,208	2,215,292	(141,943)	-	7,761,235
Share of results of associates and joint ventures	-	-	13	-	1,534,445	-	1,534,458
Profit before income tax	4,348,993	729,685	609,221	2,215,292	1,392,502	-	9,295,693
<b>As at December 31, 2023</b>							
<b>Segment assets and liabilities</b>							
Segment assets	235,832,458	1,068,082	9,887,986	427,461,721	30,454,969	(8,852,224)	695,852,992
Segment liabilities	(204,740,588)	(686,639)	(2,821,338)	(360,058,445)	(14,361,273)	8,852,224	(573,816,059)
<b>For the year ended December 31, 2023</b>							
<b>Other segment information</b>							
Amounts included in the measurement of segment profit or loss or segment assets:							
Interest income	8,317,393	-	57,068	1,965,680	721,706	(86,024)	10,975,823
Interest expenses	(4,573,657)	(13,004)	(58,928)	(4,949,577)	(14,283)	86,024	(9,523,425)
Capital expenditure	(430,188)	(20,274)	(11,157)	(14,896)	(131,729)	-	(608,244)
Depreciation and amortization	(419,494)	(55,817)	(14,890)	(31,333)	(244,712)	-	(766,246)
Impairment losses, net of reversal	(163,896)	-	(17,251)	(6,668)	-	-	(187,815)

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 6. SEGMENT INFORMATION (continued)

#### (1) Operating segments (continued)

	Wealth management and institutional business	Investment banking	Investment management	Investment and trading	Others	Elimination	Total
<b>For the year ended December 31, 2022</b>							
<b>Segment revenue and results</b>							
Segment revenue	17,828,201	1,446,575	1,217,500	6,721,288	547,440	(60,769)	27,700,235
Segment other income and gains or losses	35,710	-	30,528	1,410	1,567,917	-	1,635,565
Segment revenue and other income	17,863,911	1,446,575	1,248,028	6,722,698	2,115,357	(60,769)	29,335,800
Segment expenses	(12,816,587)	(685,902)	(476,558)	(5,797,559)	(2,750,014)	60,769	(22,465,851)
Segment result	5,047,324	760,673	771,470	925,139	(634,657)	-	6,869,949
Share of results of associates and joint ventures	-	-	656	-	1,661,055	-	1,661,711
Profit before income tax	5,047,324	760,673	772,126	925,139	1,026,398	-	8,531,660
<b>As at December 31, 2022</b>							
<b>Segment assets and liabilities</b>							
Segment assets (Restated)	216,531,043	956,908	10,055,831	352,766,068	36,938,039	(5,570,874)	611,677,015
Segment liabilities (Restated)	(173,228,687)	(922,669)	(4,431,658)	(308,698,823)	(14,708,969)	5,570,874	(496,419,932)
<b>For the year ended December 31, 2022</b>							
<b>Other segment information</b>							
Amounts included in the measurement of segment profit or loss or segment assets:							
Interest income	8,197,804	-	47,174	1,936,445	547,440	(60,620)	10,668,243
Interest expenses	(4,376,368)	(12,903)	(50,217)	(4,933,499)	(14,144)	60,620	(9,326,511)
Capital expenditure	(251,640)	(26,498)	(11,804)	(21,969)	(248,339)	-	(560,250)
Depreciation and amortization	(393,106)	(52,017)	(14,663)	(28,010)	(209,747)	-	(697,543)
Impairment losses, net of reversal	(171,036)	-	(90,000)	(39,507)	(6,915)	-	(307,458)

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 6. SEGMENT INFORMATION (continued)

#### (2) Geographical segments

The Group has two major geographical operation in the PRC, namely Mainland China and Outside Mainland China, where the Group's revenue are derived from and the Group's assets are located. The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property and equipment, right-of-use assets, goodwill, other intangible assets, interests in associates and joint ventures and other non-current assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided.

The geographical location of the specified non-current assets is based on i) the physical location of the asset or ii) the place of incorporation of the business units under which the goodwill is recorded.

	Mainland China	Outside Mainland China	Total
<b>For the year ended December 31, 2023</b>			
<b>Segment Revenue</b>			
Revenue	26,460,155	1,730,794	28,190,949
Other income and gains or losses, net	1,805,211	24,278	1,829,489
	<b>28,265,366</b>	<b>1,755,072</b>	<b>30,020,438</b>
<b>For the year ended December 31, 2022</b>			
<b>Segment Revenue</b>			
Revenue	26,988,507	711,728	27,700,235
Other income and gains or losses, net	1,675,126	(39,561)	1,635,565
	<b>28,663,633</b>	<b>672,167</b>	<b>29,335,800</b>

#### *Specified non-current assets*

	Mainland China	Outside Mainland China	Total
<b>As at December 31, 2023</b>			
Specified non-current assets	15,630,994	149,448	15,780,442
<b>As at December 31, 2022</b>			
Specified non-current assets	14,318,866	178,123	14,496,989



## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 6. SEGMENT INFORMATION (continued)

#### (3) Information about major customers

No customer for the years ended December 31, 2023 and 2022 contributed over 10% to the total revenue of the Group.

### 7. FEE AND COMMISSION INCOME

	Year ended December 31,	
	2023	2022
Securities and futures brokerage business	7,596,086	8,816,284
Underwriting and sponsorship business	1,263,900	1,303,526
Asset management and fund management business	715,844	831,846
Financial advisory business	170,513	151,211
Investment advisory business	42,348	62,068
Other business	696,362	752,046
	<b>10,485,053</b>	<b>11,916,981</b>

### 8. INTEREST INCOME

	Year ended December 31,	
	2023	2022
Advances to customers and securities lending	5,283,330	5,571,384
Exchanges and financial institutions balances, deposits and clearing settlement funds	2,965,290	2,452,230
Debt instruments at fair value through other comprehensive income ("FVTOCI")	1,585,698	1,381,054
Financial assets held under securities back-lending resale agreements	774,836	726,291
Other financial assets held under resale agreements	338,001	469,420
Debt instruments at amortized cost	28,668	31,441
Others	–	36,423
	<b>10,975,823</b>	<b>10,668,243</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 9. INVESTMENT GAINS OR LOSSES, NET

	Year ended December 31,	
	2023	2022
Dividend and interest income from financial assets at FVTPL	6,638,997	6,145,699
Dividend from financial assets at FVTOCI	125,639	23,225
Net gains (losses) from disposals of debt instruments measured at FVTOCI	86,024	(172,275)
Net losses on derecognition of debt instruments at amortized cost	(338)	(6,481)
Net gains on disposal of interest in an associate	1,066	–
Net gains (losses) from financial assets at FVTPL	2,266,761	(2,456,690)
Net (losses) gains from financial liabilities at FVTPL	(1,823,932)	141,353
Net (losses) gains from derivative financial instruments	(564,144)	1,440,180
	<b>6,730,073</b>	<b>5,115,011</b>

### 10. OTHER INCOME AND GAINS OR LOSSES, NET

	Year ended December 31,	
	2023	2022
Income from commodity trading	1,461,732	1,354,813
Government grants <sup>(i)</sup>	39,976	116,852
Refund from tax withholding and remittance	58,949	81,631
Rental income	18,226	16,453
Foreign exchange gains (losses), net	57,847	(50,521)
Others	192,759	116,337
	<b>1,829,489</b>	<b>1,635,565</b>

- (i) Government grants represent the unconditional grants received by the Group from local government and are used for supporting the business at specific locations.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 11. DEPRECIATION AND AMORTIZATION

	Year ended December 31,	
	2023	2022
Depreciation of right-of-use assets	350,292	349,557
Depreciation of property and equipment	204,192	183,538
Amortization of other non-current assets	185,506	158,797
Amortization of other intangible assets	26,256	5,651
	<b>766,246</b>	<b>697,543</b>

### 12. STAFF COSTS

	Year ended December 31,	
	2023	2022
Salaries, bonus and allowances	4,428,732	4,524,065
Contributions to retirement benefits <sup>(i)</sup>	710,364	628,343
Other social welfare <sup>(ii)</sup>	518,576	472,920
Others	171,008	177,542
	<b>5,828,680</b>	<b>5,802,870</b>

- (i) The domestic employees of the Group in the PRC participate in state-managed retirement benefits plans, which are operated by the relevant municipal and provincial governments. According to the relevant regulations, retirement benefit contributions borne by the Group are calculated and paid to the relevant labour and social welfare authorities on a regular basis. These retirement benefits plans are defined contribution plans and contributions to the plans are expensed as incurred. In addition to the above retirement benefits plans, the Group also provides annuity schemes for certain qualified employees in the PRC. The employees' and the Group's contributions for the annuity schemes are calculated based on certain percentage of employees' salaries and recognized in profit or loss as expense. These annuity schemes are defined contribution plans.

The Group also operates MPF schemes for all qualified employees in Hong Kong. The Group contributes certain percentage of relevant payroll costs to the schemes, and contributions of the same amounts are made by employees but are subject to maximum for individual employees. The assets of the scheme are held separately from those of the Group, and in funds under the control of trustees.

- (ii) The domestic employees of the Group in the PRC participate in state-managed social welfare plans, including social pension insurance, health care insurance, housing funds and other social welfare contributions, which are operated by the relevant municipal and provincial governments. These social welfare plans are defined contribution schemes and are recognized as expense as incurred.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 13. FEE AND COMMISSION EXPENSES

	Year ended December 31,	
	2023	2022
Securities and futures brokerage business	2,065,259	2,372,981
Underwriting and sponsorship business	117,697	44,416
Financial advisory business	15,141	17,819
Asset management and fund management business	2,954	3,040
Investment advisory business	6,546	11,460
	<b>2,207,597</b>	<b>2,449,716</b>

### 14. INTEREST EXPENSES

	Year ended December 31,	
	2023	2022
Bonds payables	4,123,992	5,190,386
Financial assets sold under repurchase agreements	2,717,503	2,127,449
Short-term debt instruments	607,219	593,103
Placements from banks and other financial institutions	891,100	629,986
Accounts payables to brokerage clients	757,352	468,274
Borrowings	364,153	165,409
Lease liabilities	38,845	38,073
Others	23,261	113,831
	<b>9,523,425</b>	<b>9,326,511</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 15. OTHER OPERATING EXPENSES

	Year ended December 31,	
	2023	2022
Cost of commodity trading	1,462,203	1,364,247
Electronic equipment operation expenses	574,683	488,438
Business and promotion expenses	261,743	334,374
Member fees of stock exchange	246,540	333,451
Postal and communications expenses	218,798	222,814
Business travel expenses	136,776	82,481
Rental and property management expenses <sup>(i)</sup>	81,643	80,931
Securities and futures investor protection funds	75,467	76,088
General and administrative expenses	62,360	64,868
Auditors' remuneration	4,195	4,114
Others	508,476	704,251
	<b>3,632,884</b>	<b>3,756,057</b>

(i) Expense relating to short-term leases is RMB6,686 thousand (Year ended December 31, 2022: RMB8,067 thousand).

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

	Year ended December 31,	
	2023	2022
Impairment loss on financial assets held under resale agreements (note 26)	116,869	145,565
Impairment loss on advances to customers (note 29)	43,227	96,471
Impairment loss on accounts and other receivables (note 30)	21,051	19,001
Impairment loss on debt instruments at amortized cost (note 25)	5,322	54,686
Impairment loss (Reversal of) on debt instruments at FVTOCI (note 31)	1,346	(15,180)
	<b>187,815</b>	<b>300,543</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 17. INCOME TAX EXPENSES

	Year ended December 31,	
	2023	2022 (Restated)
<b>Current tax:</b>		
– PRC Enterprise Income Tax	264,433	644,496
– Hong Kong Profits Tax	1,411	1,357
	<b>265,844</b>	<b>645,853</b>
<b>Under(over) provision in respect of prior years:</b>		
– PRC Enterprise Income Tax	33,736	(37,487)
– Hong Kong Profits Tax	–	(214)
	<b>33,736</b>	<b>(37,701)</b>
<b>Deferred taxation</b>		
– Origination and reversal of temporary differences (note 27)	227,026	(153,623)
	<b>526,606</b>	<b>454,529</b>

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

	Year ended December 31,	
	2023	2022 (Restated)
Profit before income tax	9,295,693	8,531,660
Tax at the income tax rate of 25%	2,323,923	2,132,915
Tax effect of share of result of associates and joint ventures	(383,615)	(415,428)
Tax effect of expenses not deductible for tax purpose	109,503	92,460
Tax effect of income that are not taxable	(1,400,475)	(1,141,311)
Effect of different tax rates of subsidiaries	(16,807)	22,686
Tax effect of tax losses and deductible temporary differences not recognized	39,760	52,099
Utilization of deferred tax assets previously not recognized	(146)	(72,801)
Under(over) provision in respect of prior years	33,736	(37,701)
Others	(179,273)	(178,390)
<b>Income tax expense for the year</b>	<b>526,606</b>	<b>454,529</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 17. INCOME TAX EXPENSES (continued)

Majority of the tax losses not recognized comes from the subsidiaries in Hong Kong and these losses can be carried forward indefinitely for offsetting against future taxable profits of the respective companies in which the losses arose. These estimated tax losses have no expiry dates but are subject to the approval of the Hong Kong Inland Revenue Department.

### 18. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

	Year ended December 31,	
	2023	2022 (Restated)
<b>Earnings for the purpose of basic earnings per share:</b>		
Profit attributable to shareholders of the Company	8,763,960	8,070,244
Less: Profit attributable to holders of perpetual subordinated bonds	(572,240)	(611,829)
	8,191,720	7,458,415
<b>Number of shares:</b>		
Weighted average number of ordinary shares	8,696,526	8,696,526
<b>Earnings per share:</b>		
Earnings per share (in RMB)	0.94	0.86

For the years ended December 31, 2023 and 2022, there were no dilutive shares.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 19. PROPERTY AND EQUIPMENT

	Leasehold land and buildings	Motor vehicles	Electronic and communication equipment	Office equipment	Construction in progress	Total
<b>Cost</b>						
As at January 1, 2023	1,277,180	60,688	1,154,429	66,373	32,650	2,591,320
Additions	165	9,729	217,712	1,275	77,455	306,336
Disposals	(35,201)	(4,453)	(71,750)	(3,523)	-	(114,927)
Transfer to other non-current assets	-	-	-	-	(77,474)	(77,474)
Exchange differences	-	18	764	478	245	1,505
As at December 31, 2023	1,242,144	65,982	1,301,155	64,603	32,876	2,706,760
<b>Accumulated depreciation and impairment</b>						
As at January 1, 2023	342,923	51,527	598,716	49,111	-	1,042,277
Charge for the year	31,856	2,716	159,542	10,078	-	204,192
Disposals	(4,210)	(4,231)	(68,436)	(3,408)	-	(80,285)
Exchange differences	-	18	551	416	-	985
As at December 31, 2023	370,569	50,030	690,373	56,197	-	1,167,169
<b>Carrying values</b>						
As at December 31, 2023	871,575	15,952	610,782	8,406	32,876	1,539,591



## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 19. PROPERTY AND EQUIPMENT (continued)

	Leasehold land and buildings	Motor vehicles	Electronic and communication equipment	Office equipment	Construction in progress	Total
<b>Cost</b>						
As at January 1, 2022	1,277,180	60,431	964,112	63,934	30,900	2,396,557
Additions	-	3,183	247,375	1,549	66,354	318,461
Disposals	-	(3,031)	(60,941)	(1,902)	-	(65,874)
Transfer to other non-current assets	-	-	-	-	(65,816)	(65,816)
Exchange differences	-	105	3,883	2,792	1,212	7,992
As at December 31, 2022	1,277,180	60,688	1,154,429	66,373	32,650	2,591,320
<b>Accumulated depreciation and impairment</b>						
As at January 1, 2022	310,909	51,643	515,446	38,053	-	916,051
Charge for the year	32,014	2,659	138,050	10,815	-	183,538
Disposals	-	(2,880)	(57,840)	(1,801)	-	(62,521)
Exchange differences	-	105	3,060	2,044	-	5,209
As at December 31, 2022	342,923	51,527	598,716	49,111	-	1,042,277
<b>Carrying values</b>						
As at December 31, 2022	934,257	9,161	555,713	17,262	32,650	1,549,043

As at December 31, 2023, included in leasehold land and buildings were carrying values of RMB5,397 thousand (December 31, 2022: RMB10,341 thousand), for which the Group was in the progress to obtain the relevant land and building certificates. The directors of the Company consider that this matter will not have significant impact on the consolidated financial statements for the year ended December 31, 2023.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 20. RIGHT-OF-USE ASSETS

	Land and buildings	Leasehold land	Total
<b>Cost</b>			
As at January 1, 2023	2,653,881	432,600	3,086,481
Additions	369,455	–	369,455
Disposals	(137,538)	(20,834)	(158,372)
Exchange differences	3,260	–	3,260
<b>As at December 31, 2023</b>	<b>2,889,058</b>	<b>411,766</b>	<b>3,300,824</b>
<b>Accumulated depreciation</b>			
As at January 1, 2023	1,485,020	44,815	1,529,835
Charge for the year	339,449	10,843	350,292
Disposals	(124,434)	(2,555)	(126,989)
Exchange differences	1,948	–	1,948
<b>As at December 31, 2023</b>	<b>1,701,983</b>	<b>53,103</b>	<b>1,755,086</b>
<b>Carrying values</b>			
<b>As at December 31, 2023</b>	<b>1,187,075</b>	<b>358,663</b>	<b>1,545,738</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 20. RIGHT-OF-USE ASSETS (continued)

	Land and buildings	Leasehold land	Total
<b>Cost</b>			
As at January 1, 2022	2,426,752	432,600	2,859,352
Additions	254,788	–	254,788
Disposals	(46,820)	–	(46,820)
Exchange differences	19,161	–	19,161
<b>As at December 31, 2022</b>	<b>2,653,881</b>	<b>432,600</b>	<b>3,086,481</b>
<b>Accumulated depreciation</b>			
As at January 1, 2022	1,181,861	33,840	1,215,701
Charge for the year	338,582	10,975	349,557
Disposals	(45,799)	–	(45,799)
Exchange differences	10,376	–	10,376
<b>As at December 31, 2022</b>	<b>1,485,020</b>	<b>44,815</b>	<b>1,529,835</b>
<b>Carrying values</b>			
<b>As at December 31, 2022</b>	<b>1,168,861</b>	<b>387,785</b>	<b>1,556,646</b>

The Group leases offices for its operations. Lease contracts are entered into for a fixed term of 12 months to 15 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

For the year ended December 31, 2023, total cash outflow for leases amounted to RMB403,668 thousand (2022: RMB401,865 thousand).

As at December 31, 2023 and December 31, 2022, the lease agreements did not impose any covenants other than the security interests in the leased assets that were held by the lessor. Leased assets may not be used as security for borrowing purposes.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 21. INTERESTS IN CONSOLIDATED STRUCTURED ENTITIES

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

As at December 31, 2023, the Group consolidated 50 (December 31, 2022: 56) structured entities. The total assets of the consolidated structured entities amounted to RMB34,296,081 thousand (2022: RMB22,473,686 thousand).

The financial impact of these structured entities on the Group's financial position as at December 31, 2023 and 2022, and the results and cash flows for the years ended December 31, 2023 and 2022, though consolidated, are not significant and therefore not disclosed separately.

### 22. INTERESTS IN ASSOCIATES AND JOINT VENTURES

	As at December 31,	
	2023	2022
Cost of unlisted investments in associates and joint ventures	4,576,535	4,578,935
Share of post-acquisition profits and other comprehensive income, net of dividends received	7,844,155	6,836,064
<b>Sub-total</b>	<b>12,420,690</b>	<b>11,414,999</b>
Less: Impairment loss	(669,150)	(669,150)
	<b>11,751,540</b>	<b>10,745,849</b>

The following list contains only the particulars of associates and joint ventures using the equity method in the consolidated financial statements:

Name of associates and joint ventures	Place of incorporation/establishment	Equity interest held by the Group		Principal activities
		December 31,		
		2023	2022	
Bosera Asset Management Co., Ltd.	PRC	49%	49%	Fund management
China Merchants Fund Management Limited	PRC	45%	45%	Fund management
Guangdong Equity Exchange Center Co., Ltd. <sup>(i)</sup>	PRC	12%	12%	Transaction settlement services
Hunan Linhou Enterprise Management Consulting Co., Ltd. <sup>(ii)</sup>	PRC	N/A	40%	Investment management
Twenty-first Century Technology Investment Co., Ltd.* <sup>(iii)</sup>	PRC	23%	23%	Investment holding
Twin Bays Investments Limited	PRC	40%	N/A	Investment management

\* English name translated is for identification purpose only.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 22. INTERESTS IN ASSOCIATES AND JOINT VENTURES (continued)

- (i) Guangdong Equity Exchange Center Co., Ltd. was recognized as an associate as the Group has rights to participate in its financial and operational decision making.
- (ii) Hunan Linhou Enterprise Management Consulting Co., Ltd. used to be named Hunan China Merchants Xiangjiang Industry Management Co., Ltd. As at December 31, 2023, the Group has fully disposed the share of Hunan Linhou Enterprise Management Consulting Co., Ltd.
- (iii) This associate has been undergoing liquidation, and impairment losses have been fully recognized and written off.

Summarized financial information of the Group's material associates, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

#### Bosera Asset Management Co., Ltd.

	As at December 31 and year ended December 31,	
	2023	2022
Total assets	12,222,126	11,788,482
Total liabilities	(2,851,051)	(3,485,359)
Net assets	9,371,075	8,303,123
Revenue	4,588,497	5,316,063
Profit for the year	1,511,269	1,724,397
Other comprehensive income	2,180	13,613
Total comprehensive income	1,513,449	1,738,010
Dividends declared by the associate attributable to the Group	269,500	279,300
Net assets of the associate attributable to shareholders of the Company	9,308,685	8,303,123
The Group's share of net assets of the associate	4,561,256	4,068,530
– Goodwill	3,425,523	3,425,523
– Impairment loss recognized	(669,150)	(669,150)
<b>Carrying amount in the consolidated financial statements</b>	<b>7,317,629</b>	<b>6,824,903</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 22. INTERESTS IN ASSOCIATES AND JOINT VENTURES (continued)

#### China Merchants Fund Management Limited

	As at December 31 and year ended December 31,	
	2023	2022
Total assets	14,150,755	12,309,577
Total liabilities	(4,826,063)	(4,134,635)
Net assets	9,324,692	8,174,942
Revenue	5,294,336	5,757,073
Profit for the year	1,753,371	1,812,981
Other comprehensive income (expense)	30,924	(9,283)
Total comprehensive income	1,784,295	1,803,698
Dividends declared by the associate attributable to the Group	285,544	279,000
Net assets of the associate attributable to shareholders of the Company	9,324,692	8,174,942
The Group's share of net assets of the associate	4,196,111	3,678,724
– Goodwill	199,545	199,545
<b>Carrying amount in the consolidated financial statements</b>	<b>4,395,656</b>	<b>3,878,269</b>

Aggregate information of associates and joint ventures that are not individually material:

	As at December 31 and year ended December 31,	
	2023	2022
The Group's share of (loss) profit for the year	(1,326)	915
The Group's share of other comprehensive (expense) income	–	–
The Group's share of total comprehensive (expense) income	(1,326)	915
Dividend declared by associates and joint ventures attributable to the Group	–	1,713
<b>Aggregate carrying amount of the Group's interests in these associates and joint ventures</b>	<b>38,255</b>	<b>42,677</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 23. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

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

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

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

As at December 31, 2023, the total assets of these unconsolidated structured entities sponsored by the Group amounted to RMB325,825,723 thousand (2022: RMB343,388,410 thousand).

The amount of fee income derived from these unconsolidated structured entities managed by the Group are detailed in Note 7.

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

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

The carrying amounts of the related accounts in the consolidated statement of financial position represents the maximum exposure of losses to the Group for its interests in these unconsolidated structured entities sponsored by third party institutions as at December 31, 2023 and 2022. They are accounted for as financial assets at fair value through profit or loss and listed as below:

	As at December 31, 2023	
	2023	2022
Funds	41,662,742	50,079,136
Trust schemes	851,302	232,395
Wealth management products	1,070,065	998,231
Others	21,519,152	18,549,994
	<b>65,103,261</b>	<b>69,859,756</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 24. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at December 31, 2023	
	2023	2022
Equity investments <sup>(i)</sup>	1,619,778	1,628,336
Others <sup>(ii)</sup>	16,077,659	–
	<b>17,697,437</b>	<b>1,628,336</b>

- (i) The investment represents equity investments which are only used by the Company for securities lending. Due to the Company's changes in strategy, the Group disposed of these investments and a loss after tax arising from such disposals amounting to RMB252,784 thousand was reclassified from other comprehensive income to retained earnings.
- (ii) Most of the investment represents perpetual bonds and the Group does not hold such perpetual bonds for the purpose of selling them in the near future. In this case, they are classified as financial assets designated as at fair value through other comprehensive income. A loss after tax arising from such termination amounting to RMB6,540 thousand was reclassified from other comprehensive income to retained earnings.

### 25. DEBT INSTRUMENTS AT AMORTIZED COST

#### (1) Analyzed by nature

	As at December 31,	
	2023	2022
<b>Non-current</b>		
Bonds	–	20,422
Less: Expected credit losses	–	(11)
	<b>–</b>	<b>20,411</b>
<b>Current</b>		
Bonds	691,810	622,751
Less: Expected credit losses	(317)	(83,602)
	<b>691,493</b>	<b>539,149</b>



## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 25. DEBT INSTRUMENTS AT AMORTIZED COST (continued)

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

	As at December 31,	
	2023	2022
At the beginning of the year	83,613	24,284
Expected credit losses recognized	5,322	54,686
Write-off of expected credit losses	(89,976)	–
Exchange differences	1,358	4,643
<b>At the end of the year</b>	<b>317</b>	<b>83,613</b>

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

	As at December 31, 2022			
	12 months (stage 1)	Life time (stage 2)	Life time (stage 3)	Total
Principal and interest	536,144	–	107,029	643,173
Expected credit losses	346	–	83,267	83,613

For the year ended December 31, 2023, there was no transfer between the stages of expected credit losses. (2022: The stage 3 expected credit losses on debt instruments at amortized cost was entirely transferred from the stage 2 carrying balance as of December 31, 2021.)

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 26. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

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

	As at December 31,	
	2023	2022
<b>Non-current</b>		
<b>Analyzed by collateral type:</b>		
Listed equity investments <sup>(i)</sup>	1,280,000	125,224
<b>Analyzed by market:</b>		
Stock exchanges	1,280,000	125,224
Less: Expected credit losses	(1,200)	(25)
	<b>1,278,800</b>	<b>125,199</b>
<b>Current</b>		
<b>Analyzed by collateral type:</b>		
Listed equity investments <sup>(i)</sup>	17,428,911	14,145,765
Bonds	32,070,294	36,195,898
<b>Sub-total</b>	<b>49,499,205</b>	<b>50,341,663</b>
<b>Analyzed by market:</b>		
Stock exchanges	22,243,924	29,404,870
Interbank bond market	27,255,281	20,936,793
<b>Sub-total</b>	<b>49,499,205</b>	<b>50,341,663</b>
Less: Expected credit losses	(1,001,811)	(886,117)
	<b>48,497,394</b>	<b>49,455,546</b>

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

As at December 31, 2023, the Group received collateral amounted to RMB84,833 million (2022: RMB83,900 million) in connection with its reverse resale agreements and securities back-lending.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 26. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (continued)

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

	As at December 31,	
	2023	2022
At the beginning of the year	886,142	740,577
Expected credit losses recognized	116,869	145,565
<b>At the end of the year</b>	<b>1,003,011</b>	<b>886,142</b>

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

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

	As at December 31, 2022			
	12 months (stage 1)	Life time (stage 2)	Life time (stage 3)	Total
Principal and interest	12,934,277	122,016	1,214,696	14,270,989
Expected credit losses	13,905	2,400	869,837	886,142
Collateral	38,335,574	652,280	435,027	39,422,881

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 26. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (continued)

(3) The following tables show reconciliation of loss allowances that has been recognized for financial assets held under resale agreements.

	Stage 1 12 months ECL	Stage 2 Lifetime ECL (not credit- impaired)	Stage 3 Lifetime ECL (credit- impaired)	Total
At January 1, 2023	13,905	2,400	869,837	886,142
Changes in the expected credit losses:				
– Transfer to Stage 1	–	–	–	–
– Transfer to Stage 2	–	–	–	–
– Transfer to Stage 3	–	–	–	–
– Charged to profit or loss	12,788	(2,400)	106,481	116,869
<b>At December 31, 2023</b>	<b>26,693</b>	<b>–</b>	<b>976,318</b>	<b>1,003,011</b>

	Stage 1 12 months ECL	Stage 2 Lifetime ECL (not credit- impaired)	Stage 3 Lifetime ECL (credit- impaired)	Total
At January 1, 2022	17,448	–	723,129	740,577
Changes in the expected credit losses:				
– Transfer to Stage 1	–	–	–	–
– Transfer to Stage 2	–	–	–	–
– Transfer to Stage 3	–	–	–	–
– Charged to profit or loss	(3,543)	2,400	146,708	145,565
<b>At December 31, 2022</b>	<b>13,905</b>	<b>2,400</b>	<b>869,837</b>	<b>886,142</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 27. DEFERRED TAX ASSETS (LIABILITIES)

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

	As at December 31,	
	2023	2022
Deferred tax assets	1,583,773	1,847,338
Deferred tax liabilities	(558,414)	(481,909)
	<b>1,025,359</b>	<b>1,365,429</b>

The followings are the major deferred tax assets (liabilities) recognized and movements thereon during the year:

	Financial instruments at fair value through profit and loss/ derivatives	Accrued staff costs	Deferred income	Impairment allowances	Financial instruments at fair value through other comprehensive income	Property and equipment	Others	Total
At December 31, 2021	(745,937)	1,553,391	29,036	212,250	(60,102)	(2,815)	83,735	1,069,558
Effect of changes in accounting policy	-	-	-	-	-	-	17,592	17,592
At January 1, 2022 (Restated)	(745,937)	1,553,391	29,036	212,250	(60,102)	(2,815)	101,327	1,087,150
Credit(charge) to profit or loss	228,317	(111,973)	(799)	31,067	-	862	6,149	153,623
Credit to other comprehensive income	-	-	-	-	124,288	-	-	124,288
Exchange differences	-	-	-	-	113	-	255	368
At December 31, 2022 (Restated)	(517,620)	1,441,418	28,237	243,317	64,299	(1,953)	107,731	1,365,429
At January 1, 2023 (Restated)	(517,620)	1,441,418	28,237	243,317	64,299	(1,953)	107,731	1,365,429
Credit(charge) to profit or loss	(279,652)	(299,360)	(2,124)	35,115	-	(1,686)	320,681	(227,026)
Charge to other comprehensive income	-	-	-	-	(113,099)	-	-	(113,099)
Exchange differences	-	-	-	-	792	-	(737)	55
At December 31, 2023	(797,272)	1,142,058	26,113	278,432	(48,008)	(3,639)	427,675	1,025,359

As at December 31, 2023, the Group has unused tax losses that available for offset against future profits. No deferred tax asset has been recognised in respect of the above tax losses approximately RMB646,035 thousand (2022: RMB370,477 thousand) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately RMB33,145 thousand with expiry in 2028 (2022: Included in unrecognised tax losses are losses of approximately RMB15,181 thousand with expiry in 2027). Other losses may be carried forward indefinitely.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 28. OTHER NON-CURRENT ASSETS

#### (1) Analyzed by nature

	As at December 31,	
	2023	2022
Leasehold improvements and deferred expenses	455,418	593,169
Others	133,772	–
	<b>589,190</b>	<b>593,169</b>

Leasehold improvements and deferred expenses are amortized within five years.

#### (2) Movements of leasehold improvements and deferred expenses are as follows

	As at December 31,	
	2023	2022
At the beginning of the year	593,169	455,226
Additions	–	230,924
Disposals	(29,719)	–
Transfer from construction in progress (note 19)	77,474	65,816
Amortization	(185,506)	(158,797)
<b>At the end of the year</b>	<b>455,418</b>	<b>593,169</b>

### 29. ADVANCES TO CUSTOMERS

#### (1) Analyzed by nature

	As at December 31,	
	2023	2022
Advances to customers	83,955,719	81,785,847
Less: Expected credit losses	(289,699)	(244,731)
	<b>83,666,020</b>	<b>81,541,116</b>

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

The majority of the advances to customers which are secured by underlying pledged securities and cash collateral as disclosed in Note 41 are interest bearing. The Group maintains a list of approved stocks for margin lending with respective loan-to-collateral ratios. Any excess in the ratio will trigger a margin call upon which the customers have to make good the difference.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 29. ADVANCES TO CUSTOMERS (continued)

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

	As at December 31,	
	2023	2022
<b>Collateral measured at fair value:</b>		
Cash	4,258,484	8,360,104
Bonds	751,995	781,082
Equity securities	204,815,594	205,593,006
Funds	10,263,783	3,489,182
	<b>220,089,856</b>	<b>218,223,374</b>

#### (3) The movements of allowance of impairment losses are as follows

	As at December 31,	
	2023	2022
At the beginning of the year	244,731	145,787
Expected credit losses recognized	43,227	96,471
Exchange differences	1,741	2,473
<b>At the end of the year</b>	<b>289,699</b>	<b>244,731</b>

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

	As at December 31, 2022			
	12 months (stage 1)	Life time (stage 2)	Life time (stage 3)	Total
Principal and interest	81,396,880	82,991	305,976	81,785,847
Expected credit losses	101,599	86	143,046	244,731

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 29. ADVANCES TO CUSTOMERS (continued)

(4) The following tables show reconciliation of expected credit losses that has been recognized for advances to customers.

	Stage 1 12m ECL	Stage 2 Lifetime ECL (not credit- impaired)	Stage 3 Lifetime ECL (credit- impaired)	Total ECL
As at January 1, 2023	101,599	86	143,046	244,731
<b>Changes in the expected credit losses:</b>				
– Transfer to Stage 1	–	–	–	–
– Transfer to Stage 2	–	–	–	–
– Transfer to Stage 3	(944)	(16)	960	–
– Charged (credit) to profit or loss	13,008	(69)	32,029	44,968
<b>As at December 31, 2023</b>	<b>113,663</b>	<b>1</b>	<b>176,035</b>	<b>289,699</b>

	Stage 1 12m ECL	Stage 2 Lifetime ECL (not credit- impaired)	Stage 3 Lifetime ECL (credit- impaired)	Total ECL
As at January 1, 2022	55,219	113	90,455	145,787
<b>Changes in the expected credit losses:</b>				
– Transfer to Stage 1	–	–	–	–
– Transfer to Stage 2	(17)	17	–	–
– Transfer to Stage 3	(233)	–	233	–
– Charged (credit) to profit or loss	46,630	(44)	52,358	98,944
<b>As at December 31, 2022</b>	<b>101,599</b>	<b>86</b>	<b>143,046</b>	<b>244,731</b>



## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 30. ACCOUNTS AND OTHER RECEIVABLES

#### (1) Analyzed by nature

	As at December 31,	
	2023	2022
<b>Accounts and other receivables from/related to:</b>		
Clearing houses, brokers and dealers	3,924,633	2,614,256
Deposits of OTC derivative business	4,262,186	1,945,603
Fee and commission income	647,167	868,168
Other receivables	33,197	113,456
Dividends receivable	45,495	21,148
Others	104,303	317,530
<b>Sub-total</b>	<b>9,016,981</b>	<b>5,880,161</b>
Less: Expected credit losses of accounts and other receivables	(80,903)	(59,748)
	<b>8,936,078</b>	<b>5,820,413</b>

Fair value gain or losses arising from these business are recorded in derivative assets or liabilities.

#### (2) Analyzed by ageing

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

	As at December 31, 2023		As at December 31, 2022	
	Amount	Expected credit losses	Amount	Expected credit losses
Within 1 year	8,705,634	(130)	5,545,410	(177)
Between 1 and 2 years	110,570	(910)	163,235	(11,835)
Between 2 and 3 years	118,362	(32,127)	50,409	(12,236)
Over 3 years	82,415	(47,736)	121,107	(35,500)
	<b>9,016,981</b>	<b>(80,903)</b>	<b>5,880,161</b>	<b>(59,748)</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 31. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

#### (1) Analyzed by type

	As at December 31,	
	2023	2022
<b>Current</b>		
Government bonds	44,048,095	42,024,156
Bonds issued by policy banks	1,705,488	1,514,649
Bonds issued by commercial banks and other financial institutions	7,282,545	5,427,777
Others	17,761,909	11,921,946
	<b>70,798,037</b>	<b>60,888,528</b>

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

	As at December 31,	
	2023	2022
At the beginning of the year	7,592	21,840
Expected credit losses recognized	1,346	–
Reversal of expected credit losses	–	(15,180)
Exchange differences	29	932
<b>At the end of the year</b>	<b>8,967</b>	<b>7,592</b>

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

	As at December 31, 2022			
	12 months (stage 1)	Life time (stage 2)	Life time (stage 3)	Total
Principal and interest	60,888,528	–	–	60,888,528
Expected credit losses	7,592	–	–	7,592

During the year ended December 31, 2023 and 2022, there was no material transfer between the stages of expected credit losses.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 32. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at December 31,	
	2023	2022
<b>Current</b>		
Debt securities	175,064,428	148,400,039
Funds	41,662,742	50,079,136
Equity investments <sup>(i)</sup>	37,165,357	23,239,597
Others <sup>(ii)</sup>	14,271,163	10,278,876
<b>Sub-total</b>	<b>268,163,690</b>	<b>231,997,648</b>
<b>Non-current</b>		
Equity investments <sup>(i)</sup>	3,609,600	3,355,941
Others <sup>(ii)</sup>	6,964,427	6,422,401
<b>Sub-total</b>	<b>10,574,027</b>	<b>9,778,342</b>

(i) Equity investments comprise of unlisted equity investments.

(ii) Others mainly represent investments in collective asset management schemes, wealth management products, trusts and investments in limited partnerships.

Fair value of the Group's financial assets at fair value through profit or loss are determined as described in Note 63.

As at December 31, 2023, debt securities of RMB626,571 thousand (2022: 2,048,692 thousand) and RMB24,014,293 thousand (2022: 27,053,174 thousand) classified as FVTPL were pledged as collateral for certain derivative transactions and securities borrowing, respectively. Moreover, it also entered into certain repurchase and securities leading arrangements and the details are disclosed in Note 56.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 33. DERIVATIVE FINANCIAL INSTRUMENTS

	As at December 31, 2023			As at December 31, 2022		
	Non-Hedging Instruments			Non-Hedging Instruments		
	Notional principal amounts	Fair Value		Notional principal amounts	Fair Value	
		Assets	Liabilities		Assets	Liabilities
Interest derivative instrument	871,230,093	19,919	34,323	1,288,145,882	27,929	12,314
Equity derivative instrument	277,906,904	5,797,429	5,930,485	140,435,636	3,328,149	2,697,403
Currency derivatives	33,931,541	55,060	20,547	25,913,288	213,901	35,947
Credit derivatives	851,245	1,556	4,847	997,806	8,047	144
Other derivative instrument	142,707,537	805,173	948,781	60,578,529	86,660	129,231
	<b>1,326,627,320</b>	<b>6,679,137</b>	<b>6,938,983</b>	<b>1,516,071,141</b>	<b>3,664,686</b>	<b>2,875,039</b>

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

### 34. DEPOSITS WITH EXCHANGES AND NON-BANK FINANCIAL INSTITUTIONS

	As at December 31,	
	2023	2022
<b>Deposits with stock exchanges and clearing houses:</b>		
China Securities Depository and Clearing Corporation Limited	381,650	848,929
Shanghai Clearing House	986,073	668,000
Hong Kong Exchanges and Clearing Limited	170,882	111,092
<b>Deposits with futures and commodity exchanges and financial institutions:</b>		
China Financial Futures Exchange	5,733,229	5,391,792
Dalian Commodity Exchange	1,430,841	2,056,337
Shanghai Futures Exchange	983,442	1,228,495
Others	3,260,992	1,908,579
	<b>12,947,109</b>	<b>12,213,224</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

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### 35. CLEARING SETTLEMENT FUNDS

	As at December 31,	
	2023	2022
<b>Clearing settlement funds held with clearing houses for:</b>		
House accounts	17,107,892	7,875,448
Clients	20,583,830	15,929,458
	<b>37,691,722</b>	<b>23,804,906</b>

These clearing settlement funds are held by the clearing houses for the Group and these balances carry interest at prevailing market interest rates.

### 36. CASH AND BANK BALANCES

	As at December 31,	
	2023	2022
<b>Bank balances – house accounts</b>		
House accounts	12,976,608	22,524,645
Pledged and restricted bank deposits		
– Restricted bank deposit for purchase of bond, stock and as risk reserve and credit (note 37)	1,140,323	1,724,281
<b>Cash held on behalf of customers</b>	<b>95,905,685</b>	<b>89,128,338</b>
	<b>110,022,616</b>	<b>113,377,264</b>

### 37. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the followings:

	As at December 31,	
	2023	2022
Bank balances – house accounts (note 36)	13,814,513	24,076,253
Clearing settlement funds – house accounts (note 35)	17,107,435	7,875,016
Less: Pledged and restricted bank deposits (note 36)	(1,140,323)	(1,724,281)
	<b>29,781,625</b>	<b>30,226,988</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 38. SHORT-TERM BORROWINGS

	As at December 31,	
	2023	2022
<b>Current</b>		
Secured bank borrowings <sup>(i)</sup>	–	30,675
Unsecured bank borrowings <sup>(ii)</sup>	6,171,961	10,543,978
Interests accrued	10,879	34,249
	<b>6,182,840</b>	<b>10,608,902</b>

- (i) As at December 31, 2023, the Group had no secured bank borrowings (2022: the Group's secured bank borrowings were funds that the Group had financed from banks by discounting outstanding bills receivable at a discount rate of 1.70%).
- (ii) As at December 31, 2023, the floating interest rates of Group's short-term unsecured bank borrowings ranged from 1.68%-6.91% (2022: 1.85%-6.10%) per annum while the Group had no unsecured bank borrowings bear fixed interest rates (2022:Nil).

### 39. SHORT-TERM DEBT INSTRUMENTS

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

	Coupon rate	As at January 1, 2022	Issuance/ Other Transfer	Redemption/ Exchange difference	As at December 31, 2022
Short-term bond payables	1.88%-3.25%	4,200,000	6,600,000	10,800,000	–
Short-term financing bills payables	1.82%-2.75%	1,800,000	35,000,000	12,800,000	24,000,000
Principals of income certificates	0.05%-7.18%	20,609,046	10,757,092	30,374,507	991,631
Interest accrued		326,793	581,453	751,878	156,368
		<b>26,935,839</b>	<b>52,938,545</b>	<b>54,726,385</b>	<b>25,147,999</b>

## Notes to the Consolidated Financial Statements (Continued)

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### 40. PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at December 31,	
	2023	2022
Placement from banks <sup>(i)</sup>	14,052,051	10,800,000
Placement from other financial institutions <sup>(ii)</sup>	6,020,000	–
Gold leasing <sup>(iii)</sup>	6,948,132	–
Interest accrued	41,209	2,438
	<b>27,061,392</b>	<b>10,802,438</b>

- (i) As at December 31, 2023, the interest rates due to banks ranged from 1.85%-6.00% (December 31, 2022: 1.96%-3.45%) per annum.
- (ii) As at December 31, 2023, the interest rates due to other financial institutions was 2.12%-3.10% (December 31, 2022: Nil) per annum.
- (iii) As at December 31, 2023, the interest rates due to other financial institutions was 2.60%-2.80% (December 31, 2022: Nil) per annum.

### 41. ACCOUNTS PAYABLES TO BROKERAGE CLIENTS

	As at December 31,	
	2023	2022
Clients' deposits for margin financing and securities lending	7,235,279	8,360,104
Clients' deposits for other brokerage business	110,616,954	98,017,550
	<b>117,852,233</b>	<b>106,377,654</b>

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

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

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

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023  
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### 42. ACCRUED STAFF COSTS

	As at December 31,	
	2023	2022
<b>Non-current</b>		
Salaries, bonus and allowances	–	97,490
<b>Current</b>		
Salaries, bonus and allowances	5,422,156	6,355,091
Short-term social welfare	52,054	52,054
Defined contribution plans <sup>(i)</sup>	942	911
Others	50,360	53,325
	<b>5,525,512</b>	<b>6,461,381</b>

- (i) The defined contribution plans refer to social pension insurance plan and unemployment insurance plan required by the government, and annuity scheme launched by the Group. The Group participates in the social pension insurance plan and unemployment insurance plan pursuant to pertinent regulations and contributes to these funds set up by the governments on a monthly basis. Besides, the Group sets up annuity schemes and MPF schemes for qualified employees in the PRC and Hong Kong and contributes to these schemes, which are managed by third parties, on an annual basis or on a monthly basis.

The total expense recognized in profit or loss of RMB710,364 thousand (2022: RMB628,343 thousand) represents contributions payables to these plans by the Group at rates specified in the rules of the plans. As at December 31, 2023, contributions of RMB942 thousand due in respect of the year ended December 31, 2023 had not been paid to these plans (2022: RMB911 thousand). The amounts were paid subsequent to the end of reporting period.



## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

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### 43. OTHER PAYABLES AND ACCRUED CHARGES

	As at December 31,	
	2023	2022
Settlement payables to brokers and clearing houses	8,623,960	5,389,622
Dividends payables to holders of other equity instruments	572,240	574,515
Deposits of equity return swaps <sup>(i)</sup>	29,133,690	19,405,427
Other tax payables	377,132	530,156
Commission and handling fee payables	126,497	145,738
Futures risk reserve	164,363	138,519
Notes payables due within one year	612,400	942,000
Others <sup>(ii)</sup>	473,359	412,494
	<b>40,083,641</b>	<b>27,538,471</b>

- (i) As at December 31, 2023 and 2022, the balance mainly represents deposits received from investors on equity return swaps which is refundable according to the contract terms upon the expiry date. The deposit will be mature within one year from the end of the reporting period. These instruments contain non-closely related embedded derivatives as their returns are linked to the fluctuation of certain stock indexes or specific stock prices. For those embedded derivatives with significant fair values, they are accounted for in these consolidated financial statements under note 33 after having been bifurcated from their respective host contracts.
- (ii) Others mainly represent payables of annual membership fees, investor protection fund, and other payables arising from normal course of business.

## Notes to the Consolidated Financial Statements (Continued)

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### 44. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at December 31,	
	2023	2022
<b>Non-current</b>		
<b>Financial liabilities designated at fair value through profit or loss</b>		
– Structured entities <sup>(i)</sup>	1,390,155	1,372,080
	<b>1,390,155</b>	<b>1,372,080</b>
<b>Current</b>		
<b>Financial liabilities held for trading</b>		
– Equity securities	1,798,215	1,437,918
– Debt securities	39,184,029	41,818,085
– Structured notes	1,641,628	1,483,752
– Others	380,722	215,462
<b>Financial liabilities designated at fair value through profit or loss</b>		
– Structured entities <sup>(i)</sup>	140,767	1,416,723
	<b>43,145,361</b>	<b>46,371,940</b>

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

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

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### 45. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at December 31,	
	2023	2022
<b>Current</b>		
<b>Analyzed by collateral type:</b>		
Bonds	142,684,754	111,543,173
Gold	–	9,262,300
	<b>142,684,754</b>	<b>120,805,473</b>
<b>Analyzed by market:</b>		
Stock exchanges	49,152,601	16,064,354
Interbank bond market	90,271,478	100,886,752
Over-the-counter	3,260,675	3,854,367
	<b>142,684,754</b>	<b>120,805,473</b>

Sales and repurchase agreements are transactions in which the Group sells a security as well as rights and interests in margin loans and simultaneously agree to repurchase it (or an asset that is substantially the same) at the agreed dates and prices. These securities are not derecognized from the financial statements but regarded as “collateral” for the liabilities because the Group retains substantially all the risk and rewards of these securities and margin loans.

As at December 31, 2023, the Group’s pledged collateral in connection with its repurchase financing business amounted to RMB159,149 million (2022: RMB135,670 million).

### 46. LEASE LIABILITIES

	As at December 31,	
	2023	2022
Within 1 year	344,454	330,846
Within a period of more than 1 year but not more than 2 years	257,994	263,269
Within a period of more than 2 years but not more than 5 years	416,370	415,927
Within a period of more than 5 years	236,700	233,304
<b>Sub-total</b>	<b>1,255,518</b>	<b>1,243,346</b>
Less: Amount due for settlement within 12 months shown under current liabilities	(344,454)	(330,846)
Amount due for settlement after 12 months shown under non-current liabilities	911,064	912,500

## Notes to the Consolidated Financial Statements (Continued)

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### 47. SHARE CAPITAL

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

	As at December 31,	
	2023	2022
<b>Registered, issued and fully paid ordinary shares of RMB1 each:</b>		
<b>At the beginning and at the end of the year</b>		
– Domestic shares	7,422,006	7,422,006
– Foreign invested shares	1,274,520	1,274,520
	<b>8,696,526</b>	<b>8,696,526</b>

### 48. OTHER EQUITY INSTRUMENTS

	At the beginning of the year	Addition	Redemption	At the end of the year
Perpetual subordinated bonds	15,000,000	–	–	15,000,000

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

The Company shall have the right of redemption attached to the above bonds, and on the 5th and subsequent coupon payment days of the above bonds, the Company shall be entitled to redeem the above bonds at par value plus interest payable; the Company also has the option to defer interest payments, except in the event of mandatory interest payments, so that at each interest payment date, the Company may choose to defer the interest payment to the next payment date for the current year as well as all interest and accreted interest already deferred, without being subject to any limitation with respect to the number of deferrals. Of which, mandatory interest payment events are limited to dividend distributions to ordinary shareholders of the Company from the issuer and reductions of registered capital.

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

## Notes to the Consolidated Financial Statements (Continued)

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

	As at December 31,	
	2023	2022
At the beginning of the year	(180,630)	196,165
<b>Debt instruments at FVTOCI</b>		
Net changes in fair value for the year	408,250	(376,209)
Reclassification to profit or loss	(86,024)	172,275
Income tax impact	(79,005)	52,309
<b>Expected credit losses of debt instruments at FVTOCI</b>		
Net changes in profit or loss for ECL reclassification adjustment	1,346	(15,180)
Income tax impact	(791)	(111)
<b>Equity instruments at FVTOCI</b>		
Net changes in fair value for the year	(118,963)	(296,999)
Transfer to retained profits	259,324	12,537
Income tax impact	(33,303)	72,090
<b>Share of other comprehensive income of associates and joint ventures</b>		
Share of other comprehensive income that will be reclassified subsequently to profit or loss	13,272	2,493
<b>At the end of the year</b>	<b>183,476</b>	<b>(180,630)</b>

### 50. GENERAL RESERVES

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

In accordance with the Company Law of the PRC and the Articles of Association, 10% of the net profit of the Company is required to be allocated to the statutory reserve until the statutory reserve has reached 50% of the share capital of the Company. As at December 31, 2023 and 2022, the accumulated surplus reserve has reached 50% of the Company's registered capital and therefore no further allocation is required for this year.

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

## Notes to the Consolidated Financial Statements (Continued)

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### 50. GENERAL RESERVES (continued)

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

The Company and China Merchants Securities Asset Management Co., Ltd. appropriate 10% of net profit derived in accordance with PRC GAAP before distribution to shareholders as transaction risk reserve from retained profits and cannot be distributed or transferred to share capital.

The movements of the general reserve are as follows:

#### As at December 31, 2023

	At the beginning of the year	Addition	At the end of the year
Statutory reserve	5,236,148	–	5,236,148
General risk reserve	8,881,799	856,184	9,737,983
Transaction risk reserve	8,161,052	768,610	8,929,662
	<b>22,278,999</b>	<b>1,624,794</b>	<b>23,903,793</b>

#### As at December 31, 2022

	At the beginning of the year	Addition	At the end of the year
Statutory reserve	5,236,148	–	5,236,148
General risk reserve	8,075,605	806,194	8,881,799
Transaction risk reserve	7,432,305	728,747	8,161,052
	<b>20,744,058</b>	<b>1,534,941</b>	<b>22,278,999</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

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### 51. LONG-TERM BORROWINGS DUE WITHIN ONE YEAR

	As at December 31,	
	2023	2022
Unsecured bank borrowings	181,244	892,436
Interest accrued	4,549	2,724
	<b>185,793</b>	<b>895,160</b>

As at December 31, 2023, the Group's unsecured long-term bank borrowings due within one year bore floating interest rate of 6.571% (2022: 5.419%-6.266%) per annum.

### 52. LONG-TERM BORROWINGS

	As at December 31,	
	2023	2022
Unsecured bank borrowings	1,721,818	267,981
Analysed by maturity:		
1 to 2 years	–	178,654
2 to 5 years	1,721,818	89,327
	<b>1,721,818</b>	<b>267,981</b>

As at December 31, 2023, the Group's unsecured long-term bank borrowings bore floating interest rate of 6.468%-6.883% (2022: 5.619%-5.663%) per annum.

### 53. BONDS PAYABLES DUE WITHIN ONE YEAR

	As at December 31,	
	2023	2022
Non-convertible bonds <sup>(1)</sup>	22,732,768	30,482,178
Subordinated bonds <sup>(2)</sup>	20,796,804	13,194,316
Income certificates	1,459,367	16,421,328
Interest accrued	2,137,589	3,123,224
	<b>47,126,528</b>	<b>63,221,046</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 53. BONDS PAYABLES DUE WITHIN ONE YEAR (continued)

(1) The following table presents an analysis of non-convertible bonds

Name	Currency	Issue amount	Value date	Maturity date	Coupon rate
21CMG2	CNY	4,500,000	2021/01/18	2024/01/18	3.53%
21CMG3	CNY	1,400,000	2021/01/28	2024/01/28	3.58%
21CMG7	CNY	4,300,000	2021/07/29	2024/06/13	3.12%
21CMG5	CNY	4,000,000	2021/07/12	2024/07/12	3.22%
21CMG9	CNY	5,000,000	2021/08/12	2024/08/12	3.08%
CMSI GEM N2409	USD	500,000	2021/09/16	2024/09/16	1.30%

(2) The details of subordinated bonds are as follows:

Name	Currency	Issue amount	Value date	Maturity date	Coupon rate
21CMC1	CNY	4,800,000	2021/01/27	2024/01/27	3.95%
21CMC2	CNY	6,000,000	2021/03/09	2024/03/09	3.95%
21CMC3	CNY	6,000,000	2021/04/15	2024/04/15	3.80%
21CMC7	CNY	4,000,000	2021/11/11	2024/11/11	3.40%

### 54. BONDS PAYABLES

	As at December 31,	
	2023	2022
Non-convertible bonds <sup>(1)</sup>	58,427,501	47,110,378
Subordinated bonds <sup>(2)</sup>	15,192,000	21,783,914
Income certificates	1,246,436	2,512,404
	<b>74,865,937</b>	<b>71,406,696</b>



## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 54. BONDS PAYABLES (continued)

(1) The details of non-convertible bonds are as follows:

Name	Currency	Issue amount	Value date	Maturity date	Coupon rate
22CMG1	CNY	5,000,000	2022/01/17	2025/01/17	2.89%
22CMG3	CNY	3,000,000	2022/08/11	2025/02/12	2.54%
23CMG1	CNY	4,000,000	2023/04/17	2025/04/17	2.89%
14CM bond	CNY	5,500,000	2015/05/26	2025/05/26	5.08%
23CM12	CNY	2,500,000	2023/12/19	2025/06/19	2.80%
23CMG5	CNY	1,600,000	2023/07/13	2025/07/13	2.58%
22CMG2	CNY	4,000,000	2022/07/26	2025/07/26	2.70%
22CMG4	CNY	5,000,000	2022/08/11	2025/08/11	2.59%
23CM13	CNY	2,000,000	2023/12/19	2025/12/19	2.81%
23CMG2	CNY	4,000,000	2023/04/17	2026/04/17	3.03%
23CMG3	CNY	2,800,000	2023/04/25	2026/05/14	3.03%
23CMG6	CNY	3,400,000	2023/07/13	2026/07/13	2.72%
23CMG8	CNY	3,500,000	2023/07/24	2026/06/18	2.70%
23CM10	CNY	4,000,000	2023/08/11	2026/08/11	2.74%
21CM10	CNY	2,000,000	2021/08/12	2026/08/12	3.41%
CMSINT 3.3 09/18/26 EMTN	CNY	1,000,000	2023/09/18	2026/09/18	3.30%
23CM11	CNY	3,000,000	2023/11/24	2026/11/24	2.88%
23CMG4	CNY	2,200,000	2023/04/25	2028/04/25	3.17%

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023  
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### 54. BONDS PAYABLES (continued)

(2) The details of subordinated bonds are as follows:

Name	Currency	Issue amount	Value date	Maturity date	Coupon rate
23CMC3	CNY	1,500,000	2023/03/17	2025/03/17	3.25%
23CMC1	CNY	1,400,000	2023/03/01	2025/09/11	3.45%
23CMC2	CNY	800,000	2023/03/01	2026/03/01	3.55%
23CMC4	CNY	1,700,000	2023/03/17	2026/03/17	3.40%
23CMC6	CNY	3,300,000	2023/04/19	2026/04/19	3.30%
23CMC7	CNY	1,000,000	2023/05/22	2026/05/22	3.13%
23CMC9	CNY	2,000,000	2023/10/30	2026/10/30	3.20%
21CMC8	CNY	1,000,000	2021/11/11	2026/11/11	3.70%
23CMC8	CNY	1,000,000	2023/05/22	2028/05/22	3.39%
23CMC10	CNY	1,500,000	2023/10/30	2028/10/30	3.45%

### 55. DIVIDENDS

	As at December 31,	
	2023	2022
Dividends recognized as distribution	1,608,857	4,696,124
Distribution to holders of other equity instruments	572,240	782,134

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

Pursuant to a resolution of the shareholder's meeting held on June 30, 2022, the Company declared cash dividends of RMB5.40 for every 10 shares (tax included) based on 8,696,526,806 shares held and the aggregate amount was RMB4,696,124 thousand for the year ended December 31, 2021.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 56. TRANSFERS OF FINANCIAL ASSETS

#### (1) Repurchase agreements

The Group entered into repurchase agreements with certain counterparties to sell the Group's securities and interests in margin loans and the proceeds are presented as financial assets sold under repurchase agreements. Under these agreements, the Group is unable to dispose of these securities until they are repurchased.

The following tables provide a summary of carrying amounts and fair values in respect of these financial assets transferred but are continued to be recognized and their associated liabilities:

#### As at December 31, 2023

	Financial assets at fair value through profit or loss	Debt instruments at amortized cost	Debt instruments at fair value through other comprehensive income	Securities/ gold lending arrangements	Total
Fair value of transferred assets	107,703,169	10,083	30,331,665	20,137,039	158,181,956
Carrying amount of associated liabilities	97,151,408	9,093	27,360,054	18,164,199	142,684,754
Net position	10,551,761	990	2,971,611	1,972,840	15,497,202

#### As at December 31, 2022

	Financial assets at fair value through profit or loss	Debt instruments at amortized cost	Debt instruments at fair value through other comprehensive income	Securities/ gold lending arrangements	Total
Fair value of transferred assets	85,358,962	76,083	30,202,225	15,127,038	130,764,308
Carrying amount of associated liabilities	78,858,132	70,286	27,902,067	13,974,984	120,805,469
Net position	6,500,830	5,797	2,300,158	1,152,054	9,958,839

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 56. TRANSFERS OF FINANCIAL ASSETS (continued)

#### (2) Securities lending arrangements

As of December 31, 2023, the Group entered into securities lending agreements with its clients to lend its financial assets classified as financial assets at fair value through profit or loss of RMB918,383 thousand (2022: RMB546,745 thousand) and equity instruments at fair value through other comprehensive income of RMB921,579 thousand (2022: RMB658,107 thousand). These lending agreements are secured by client's securities and deposits held as collateral. Legal ownership of these securities is transferred to the clients and the clients are allowed to sell these securities under these lending arrangements, but they have obligations to return these securities to the Group at specified future dates. The Group is of the opinion that it retains substantially all the risks and rewards of these securities and therefore are not derecognized these securities in the consolidated financial statements.

### 57. CAPITAL COMMITMENTS AND CONTINGENCIES

As of December 31, 2023, the Group had capital commitments of RMB300,000 thousand that were contracted but not provided for, mainly represent the securities underwriting commitments of the Group.

As of December 31, 2023 and 2022, the Group did not have any significant contingencies.

### 58. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The emoluments of directors and supervisors of the Company paid and/or payables by the Group for the years ended December 31, 2023 and 2022 are as follows:

#### Year ended December 31, 2023

Name	Fees	Salaries, allowances and benefits in kind	Retirement benefits scheme contributions	Bonus charge during the year	Total emoluments
<b>Executive directors:</b>					
HUO Da	-	2,054	326	610	2,990
WU Zongmin	-	1,938	348	700	2,986
	-	3,992	674	1,310	5,976

## Notes to the Consolidated Financial Statements (Continued)

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### 58. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

#### Year ended December 31, 2023 (continued)

Name	Fees	Salaries, allowances and benefits in kind	Retirement benefits scheme contributions	Bonus charge during the year	Total emoluments
<b>Non-executive directors:</b>					
LIU Weiwu	-	-	-	-	-
DENG Weidong	-	-	-	-	-
SU Min <sup>(1)</sup>	-	-	-	-	-
PENG Lei <sup>(2)</sup>	-	-	-	-	-
GAO Hong <sup>(3)</sup>	-	-	-	-	-
HUANG Jian	-	-	-	-	-
LIU Chong <sup>(4)</sup>	-	-	-	-	-
Wang Wen <sup>(5)</sup>	-	-	-	-	-
LI Xiaofei <sup>(6)</sup>	-	-	-	-	-
DING Lusha <sup>(7)</sup>	-	-	-	-	-
Zhang Jian <sup>(8)</sup>	-	-	-	-	-
<b>Independent non-executive directors:</b>					
XIANG Hua	200	-	-	-	200
XIAO Houfa	200	-	-	-	200
XIONG Wei	200	-	-	-	200
HU Honggao	200	-	-	-	200
FENG Jinhua	218	-	-	-	218
	<b>1,018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,018</b>

## Notes to the Consolidated Financial Statements (Continued)

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### 58. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

Year ended December 31, 2023 (continued)

Name	Fees	Salaries, allowances and benefits in kind	Retirement benefits scheme contributions	Bonus charge during the year	Total emoluments
<b>Supervisors:</b>					
ZHOU Linda Lei <sup>(9)</sup>	-	1,599	269	410	2,278
LI Xiaofei <sup>(10)</sup>	-	-	-	-	-
WANG Zhangwei	-	-	-	-	-
MA Yunchun	-	-	-	-	-
ZHANG Zhen <sup>(11)</sup>	-	-	-	-	-
ZOU Qun	-	-	-	-	-
YIN Hongyan	-	1,351	281	519	2,151
HE Min	-	881	203	335	1,419
SHEN Weihua <sup>(12)</sup>	-	159	36	48	243
ZHU Liwei <sup>(13)</sup>	-	-	-	-	-
XU Xin <sup>(14)</sup>	-	-	-	-	-
CHEN Jun <sup>(15)</sup>	-	638	169	247	1,054
PENG Luqiang <sup>(16)</sup>	-	-	-	-	-
	-	4,628	958	1,559	7,145
	1,018	8,620	1,632	2,869	14,139

## Notes to the Consolidated Financial Statements (Continued)

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### 58. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

#### Year ended December 31, 2022

Name	Fees	Salaries, allowances and benefits in kind	Retirement benefits scheme contributions	Bonus charge during the year	Total emoluments
<b>Executive directors:</b>					
HUO Da	-	2,047	356	1,096	3,499
WU Zongmin	-	1,869	373	987	3,229
	-	3,916	729	2,083	6,728
<b>Non-executive directors:</b>					
LIU Weiwu	-	-	-	-	-
DENG Weidong	-	-	-	-	-
SU Min	-	-	-	-	-
PENG Lei	-	-	-	-	-
GAO Hong	-	-	-	-	-
HUANG Jian	-	-	-	-	-
LIU Chong	-	-	-	-	-
Wang Wen	-	-	-	-	-
WANG Daxiong	-	-	-	-	-
XIONG Xianliang	-	-	-	-	-
	-	-	-	-	-
<b>Independent non-executive directors:</b>					
XIANG Hua	200	-	-	-	200
XIAO Houfa	200	-	-	-	200
XIONG Wei	200	-	-	-	200
HU Honggao	200	-	-	-	200
WANG Di	200	-	-	-	200
FENG Jinhua	-	-	-	-	-
	1,000	-	-	-	1,000

## Notes to the Consolidated Financial Statements (Continued)

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### 58. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

#### Year ended December 31, 2022 (continued)

Name	Fees	Salaries, allowances and benefits in kind	Retirement benefits scheme contributions	Bonus charge during the year	Total emoluments
<b>Supervisors:</b>					
ZHOU Linda Lei	-	1,861	353	876	3,090
LI Xiaofei	-	-	-	-	-
WANG Zhangwei	-	-	-	-	-
MA Yunchun	-	-	-	-	-
ZHANG Zhen	-	-	-	-	-
ZOU Qun	-	-	-	-	-
YIN Hongyan	-	1,330	306	-	1,636
HE Min	-	875	219	-	1,094
SHEN Weihua	-	1,011	231	-	1,242
	-	5,077	1,109	876	7,062
	1,000	8,993	1,838	2,959	14,790

- (1) SU Min resigned in March 2023.
- (2) PENG Lei resigned in January 2023.
- (3) GAO Hong resigned in August 2023.
- (4) LIU Chong resigned in November 2023.
- (5) WANG Wen resigned in May 2023.
- (6) LI Xiaofei was appointed as an independent non-executive director in January 2023.
- (7) DING Lusha was appointed as an independent non-executive director in June 2023.
- (8) ZHANG Jian was appointed as an independent non-executive director in August 2023.
- (9) ZHOU Linda Lei resigned in November 2023.
- (10) LI Xiaofei resigned in January 2023.
- (11) ZHANG Zhen resigned in April 2023.
- (12) SHEN Weihua resigned in March 2023.
- (13) ZHU Liwei was appointed as a supervisor in August 2023.
- (14) XU Xin was appointed as a supervisor in January 2023 and resigned in July 2023.
- (15) CHEN Jun was appointed as a supervisor in March 2023.
- (16) PENG Luqiang was appointed as a supervisor in June 2023.



## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

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### 58. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

The emoluments of executive directors and supervisors shown above were emoluments charge during the year 2023. The emoluments of executive directors and supervisors shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

During the Reporting Period, the remuneration before tax deferred from 2020 to 2022 for the employee representative Supervisors who worked full-time for the Company during their tenure of office amounted to RMB230.8 thousand (HE Min) and RMB192.1 thousand (CHEN Jun), respectively.

In addition to the annual remuneration determined according to the Company's Scheme of Management Methods of the Remuneration of Senior Management, the Company implemented the Retention Plan for the Grant of Mid- to Longterm Cash Incentives for Key Employees upon the approval of the Remuneration and Appraisal Committee under the Board in 2020. Pursuant to which, the incentives for key employees shall be confirmed and granted in instalments based on the results of performance appraisals of the Company and individuals. During the Reporting Period, the incentives before tax granted for 2021 amounted to RMB940.7 thousand (HUO Da), RMB759.8 thousand (ZHOU Linda Lei), RMB365.4 thousand (YIN Hongyan), RMB181.8 thousand (HE Min) and RMB181.8 thousand (CHEN Jun), respectively, all of which are dominated in RMB.

As of the date of the issuance of these consolidated financial statements, the above compensation packages including performance-based bonus for executive directors, supervisors for the year ended December 31, 2023 have not been finalized. Management of the Group believes that the difference between the final emoluments and that disclosed above will not have significant impact on the consolidated financial statements of the Group.

Except for non-executive directors who were not remunerated by the Company, no directors of the Company waived or agreed to waive any emolument paid by the Group during the year. No emoluments were paid by the Group to the directors of the Company as an incentive payment for joining the Group or as compensation for resignation during the year.

## Notes to the Consolidated Financial Statements (Continued)

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### 59. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Three (2022: one) of the five individuals with the highest emoluments were directors or supervisors of the Company. The emoluments of the remaining two individuals (2022: four) with the highest emoluments are as below:

	As at December 31,	
	2023	2022
Basic salaries and allowances	3,351	4,387
Bonuses	2,337	24,276
Contributions to retirement benefit scheme	596	969
	<b>6,284</b>	<b>29,632</b>

Bonuses disclosed above were determined with reference to the results of the Group and performance of these individuals. No emoluments were paid by the Group to these individuals as an incentive payment for joining the Group or as compensation for resignation during the year.

The emoluments of the individuals (non-director) with the highest emoluments are within the following bands:

	As at December 31,	
	2023	2022
Emolument bands		
HKD3,000,001 to HKD3,500,000	1	–
HKD3,500,001 to HKD4,000,000	1	–
HKD4,000,001 to HKD4,500,000	–	–
HKD4,500,001 to HKD5,000,000	–	–
HKD5,000,001 to HKD5,500,000	–	–
HKD5,500,001 to HKD6,000,000	–	–
HKD6,000,001 to HKD6,500,000	–	–
HKD6,500,001 to HKD7,000,000	–	–
HKD7,000,001 to HKD7,500,000	–	–
HKD7,500,001 to HKD8,000,000	–	2
HKD8,000,001 to HKD8,500,000	–	1
HKD8,500,001 to HKD9,000,000	–	–
HKD9,000,001 to HKD9,500,000	–	–
HKD9,500,001 to HKD10,000,000	–	–
HKD10,000,001 to HKD10,500,000	–	–
HKD10,500,001 to HKD11,000,000	–	1

## Notes to the Consolidated Financial Statements (Continued)

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### 60. SIGNIFICANT RELATED PARTY TRANSACTIONS

#### (1) Relationship of related parties

##### a. Major shareholders

Major shareholders include shareholders of the Company with 5% or above direct ownership. Share percentage in the Company:

	As at December 31,	
	2023	2022
China Merchants Finance Investment Holdings Co., Ltd.	23.55%	23.55%
Shenzhen Jisheng Investment Development Co., Ltd.	19.59%	19.59%
China Ocean Transportation Co.,Ltd.	6.26%	6.26%

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

The details of the Group's associates and joint ventures is set out in note 22.

##### c. Other related parties

Other related parties can be individuals or enterprises, which include: members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals.

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

Significant related legal entities	The relationship with the Group
China Merchants Bank Co., Ltd.	Significant influence by the de facto controller
Shenzhen Merchants Property Management Co., Ltd.*	Fellow subsidiary of the de facto controller
Shenzhen Merchants Daojiahui Technology Co., Ltd.*	Fellow subsidiary of the de facto controller
China Merchants Property Management Co.,Ltd.	Fellow subsidiary of the de facto controller
Shenzhen Expressway Co.,Ltd.	Significant influence by the de facto controller
China Merchants Shekou Industrial Zone Holdings Co., Ltd.*	Fellow subsidiary of the de facto controller
China Merchants Port Group Co., Ltd.	Fellow subsidiary of the de facto controller
China Merchants (Shanghai) Investment Co., Ltd.*	Fellow subsidiary of the de facto controller
AVIC Property Management Co., Ltd.	Fellow subsidiary of the de facto controller
Shenzhen Ruizhi Yuancheng Technology Co., Ltd.*	Significant influence by the de facto controller
Sinotrans Co., Ltd.	Fellow subsidiary of the de facto controller
China Merchants Real Estate (Shenzhen) Co., Ltd.	Fellow subsidiary of the de facto controller
China Merchants Hoi Tung Trading Co., Ltd.	Fellow subsidiary of the de facto controller

\* English name translated is for identification purpose only.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023  
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### 60. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

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

- a. *During the years ended December 31, 2023 and 2022, the Group's major transactions and balances with its associate are as follows*

Transactions between the Group and associates:

	As at December 31,	
	2023	2022
<b>Fee and commission income</b>		
– Funds managed by Bosera Asset Management Co., Ltd. and China Merchants Fund Management Limited	218,493	222,547

Balances between the Group and associates:

	As at December 31,	
	2023	2022
<b>Accounts and other receivables</b>		
– Funds managed by Bosera Asset Management Co., Ltd. and China Merchants Fund Management Limited	30,786	50,411

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 60. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

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

b. *The Group's major transactions and balances with its other related parties are as follows:*

Transactions between the Group and other related parties:

	Year ended December 31,	
	2023	2022
<b>Fee and commission income</b>		
– China Merchants Bank Co., Ltd.	19,444	45,247
– China Merchants Port Group Co., Ltd.	–	15,453
– China Merchants Property Management Co.,Ltd.	–	11,750
– China Merchants Shekou Industrial Zone Holdings Co., Ltd.*	28,688	7,485
– AVIC Property Management Co., Ltd.	–	6,563
– China Merchants Hoi Tung Trading Co., Ltd.	11,263	–
– Sinotrans Co., Ltd.	5,283	–
<b>Interest income</b>		
– China Merchants Bank Co., Ltd.	469,969	514,692
<b>Investment gains or losses, net</b>		
– China Merchants Bank Co., Ltd.	987	9,585
<b>Other income and gains or losses, net</b>		
– Shenzhen Expressway Co.,Ltd.	11,001	11,058
<b>Fee and commission expenses</b>		
– China Merchants Bank Co., Ltd.	61,164	58,788
<b>Interest expenses of placement and borrowings from banks</b>		
– China Merchants Bank Co., Ltd.	25,686	19,214
<b>Other operating expenses</b>		
– Shenzhen Merchants Property Management Co., Ltd.*	49,053	43,516
– China Merchants Real Estate (Shenzhen) Co., Ltd.	5,773	–

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### 60. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

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

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

	Year ended December 31,	
	2023	2022
<b>Purchase of software and office supplies</b>		
– Shenzhen Merchants Daojiahui Technology Co., Ltd.*	45,106	32,923
– Shenzhen Ruizhi Yuancheng Technology Co., Ltd.*	–	7,197
<b>Interest expenses of lease liabilities</b>		
– China Merchants Bank Co., Ltd.	16,383	17,292
<b>Interest expenses of repurchase agreements business</b>		
– China Merchants Bank Co., Ltd.	3,878	32,314

\* English name translated is for identification purpose only.

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

	As at December 31,	
	2023	2022
<b>Cash and bank balances</b>		
– China Merchants Bank Co., Ltd.	23,360,309	26,094,986
<b>Structured deposits and certificates of deposit</b>		
– China Merchants Bank Co., Ltd.	10,000	80,000
<b>Short-term borrowings</b>		
– China Merchants Bank Co., Ltd.	284,218	408,842
<b>Placements from banks</b>		
– China Merchants Bank Co., Ltd.	–	2,000,411
<b>Lease liabilities</b>		
– China Merchants Bank Co., Ltd.	472,666	482,570
– China Merchants (Shanghai) Investment Co., Ltd.*	25,739	35,080

\* English name translated is for identification purpose only.

## Notes to the Consolidated Financial Statements (Continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

### 60. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

#### (3) Key management personnel

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

	As at December 31,	
	2023	2022
<b>Short-term benefits</b>		
– Salaries, bonus and allowances	20,945	31,351
<b>Post-employment benefits</b>		
– Contribution to retirement schemes	2,246	2,289
	<b>23,191</b>	<b>33,640</b>

### 61. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

	As at December 31,	
	2023	2022
<b>Financial assets</b>		
Equity instruments at fair value through other comprehensive income	17,697,437	1,628,336
Debt instruments at fair value through other comprehensive income	70,798,037	60,888,528
Financial assets measured at amortized cost	303,865,004	286,897,228
Derivative financial assets	6,679,137	3,664,686
Financial assets at fair value through profit or loss	278,737,717	241,775,990
	<b>677,777,332</b>	<b>594,854,768</b>
<b>Financial liabilities</b>		
Derivative financial liabilities	6,938,983	2,875,039
Financial liabilities at fair value through profit or loss	44,535,516	47,744,020
Financial liabilities at amortized cost	515,419,871	437,657,712
	<b>566,894,370</b>	<b>488,276,771</b>

## Notes to the Consolidated Financial Statements (Continued)

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### 62. FINANCIAL RISK MANAGEMENT

#### (1) Risk management structure

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

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

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

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



## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 62. FINANCIAL RISK MANAGEMENT (continued)

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

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

#### (2) Credit risk

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

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

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

## Notes to the Consolidated Financial Statements (Continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

### 62. FINANCIAL RISK MANAGEMENT (continued)

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

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

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

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

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

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

- If the credit risk of the financial instrument has not increased significantly since its initial recognition, it is classified as “Stage 1” and its impairment loss allowance is measured at an amount equivalent to the expected credit loss of the financial instrument in the next 12 months. The increase in or reversal of the impairment loss allowance is included in the profit and loss as impairment losses under expected credit loss model, net of reversal.
- If a significant increase in credit risk (“SICR”) since initial recognition is identified, the financial instrument is moved to “Stage 2” and its impairment loss allowance is measured at an amount equivalent to the expected credit loss of the financial instrument over its lifetime. The increase in or reversal of the impairment loss allowance is included in the profit and loss as impairment losses under expected credit loss model, net of reversal.
- If the financial instrument is credit-impaired at the first, the financial instrument is moved to “Stage 3” and its impairment loss allowance is measured at an amount equivalent to the expected credit loss of the financial instrument over its lifetime. The increase in or reversal of the impairment loss allowance thus formed is included in the profit and loss as impairment losses under expected credit loss model, net of reversal.

## Notes to the Consolidated Financial Statements (Continued)

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### 62. FINANCIAL RISK MANAGEMENT (continued)

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

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

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

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

## Notes to the Consolidated Financial Statements (Continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

### 62. FINANCIAL RISK MANAGEMENT (continued)

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

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

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

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

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

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

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

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

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

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

## Notes to the Consolidated Financial Statements (Continued)

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### 62. FINANCIAL RISK MANAGEMENT (continued)

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

##### *SICR*

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

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

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

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

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

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

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

## Notes to the Consolidated Financial Statements (Continued)

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### 62. FINANCIAL RISK MANAGEMENT (continued)

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

##### Forward-looking information

The Group measures ECL using reasonable and supportable forward-looking information that can be obtained without unnecessary additional costs or efforts. The Group identifies key economic variables that affect the portfolios' credit risk and ECL through historical analysis, mainly including Gross Domestic Products ("GDP") and money supply ("M2"). The Group assesses the impacts of these economic variables on portfolios' LGD through regression models, and makes forward-looking adjustments to both credit business and debt securities investments by forecasting these economic variables.

As at December 31, 2023, the Group updated the above economic variables based on the assessments of current economic conditions, international situations and the latest economic forecasts. Similar to other economic forecasts, actual results may differ from forecasts as highly inherent uncertainty exists during our estimations in forecasted economic variables and possibility of occurrence. Nevertheless, the Group takes these forecasts as the best estimates of possible outcomes.

##### a. Maximum credit risk exposure

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

	As at December 31,	
	2023	2022
Financial assets at FVTPL <sup>(i)</sup>	176,834,112	149,179,179
Derivative financial assets	6,679,137	3,664,686
Advances to customers	83,666,020	81,541,116
Financial assets held under resale agreements	49,776,194	49,580,745
Accounts and other receivables	8,915,076	5,820,413
Deposits with exchanges and non-bank financial institutions	12,947,109	12,213,224
Clearing settlement funds	37,691,722	23,804,906
Cash and bank balances	110,022,616	113,377,264
Debt instruments at amortized cost	691,493	559,560
Debt instruments at FVTOCI	70,798,037	60,888,528
Equity instruments at FVTOCI <sup>(ii)</sup>	921,579	658,107
Other non-current assets	133,772	–
Other current assets	305,441	1,893
<b>Maximum credit risk exposure</b>	<b>559,382,308</b>	<b>501,289,621</b>

(i) Financial assets at fair value through profit or loss represent the investment in debt securities, trust products, equity securities lent to customers and asset-backed securities.

(ii) Equity instruments at fair value through other comprehensive income subjected to credit risk represent equity securities lent to customers.

## Notes to the Consolidated Financial Statements (Continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

### 62. FINANCIAL RISK MANAGEMENT (continued)

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

##### b. Risk concentration

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

#### As at December 31, 2023

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

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023  
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### 62. FINANCIAL RISK MANAGEMENT (continued)

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

##### b. Risk concentration (continued)

As at December 31, 2022

	Mainland China	Outside Mainland China	Total
Financial assets at FVTPL	146,959,153	2,220,026	149,179,179
Derivative financial assets	2,852,126	812,560	3,664,686
Advances to customers	78,659,209	2,881,907	81,541,116
Financial assets held under resale agreements	49,580,745	–	49,580,745
Accounts and other receivables	3,321,071	2,499,342	5,820,413
Deposits with exchanges and non-bank financial institutions	11,932,628	280,596	12,213,224
Clearing settlement funds	23,350,778	454,128	23,804,906
Cash and bank balances	94,476,129	18,901,135	113,377,264
Debt instruments at amortized cost	118,008	441,552	559,560
Debt instruments at FVTOCI	58,935,508	1,953,020	60,888,528
Equity instruments at FVTOCI	658,107	–	658,107
Other current assets	1,893	–	1,893
<b>Maximum credit risk exposure</b>	<b>470,845,355</b>	<b>30,444,266</b>	<b>501,289,621</b>



## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 62. FINANCIAL RISK MANAGEMENT (continued)

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

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

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

	As at December 31,	
	2023	2022
<b>Rating</b>		
<b>Issuers in Mainland China</b>		
– PRC sovereign bonds <sup>(i)</sup>	163,409,977	136,071,387
– AAA	88,505,875	64,844,355
– AA+	4,449,988	2,693,403
– AA	601,854	707,350
– AA-	2	1,353
– AA- below	1,533	352,432
– Non-rated	600,811	1,037,743
<b>Sub-total</b>	<b>257,570,040</b>	<b>205,708,023</b>
<b>Issuers in Hong Kong and other regions<sup>(ii)</sup></b>		
– PRC sovereign bonds <sup>(i)</sup>	3,795	4,534
– A	3,895,366	3,093,458
– B	1,161,015	970,064
– Non-rated	–	72,048
<b>Sub-total</b>	<b>5,060,176</b>	<b>4,140,104</b>
	<b>262,630,216</b>	<b>209,848,127</b>

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

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 62. FINANCIAL RISK MANAGEMENT (continued)

#### (3) Liquidity risk

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

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

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

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 62. FINANCIAL RISK MANAGEMENT (continued)

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

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

	As at December 31, 2023							
	Carrying amount	On demand	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Total
<b>Non-derivative financial liabilities</b>								
Borrowings	8,090,451	-	5,294,497	229,902	985,482	1,827,167	-	8,337,048
Short-term debt instruments	57,025,735	-	6,414,575	22,657,287	28,390,504	-	-	57,462,366
Placements from banks and other financial institutions	27,061,392	-	18,994,682	2,382,366	5,822,138	-	-	27,199,186
Bonds payables	121,992,465	-	11,420,826	6,459,681	30,837,604	78,642,858	-	127,360,969
Financial assets sold under repurchase agreements	142,684,754	-	140,110,927	2,164,902	455,222	-	-	142,731,051
Financial liabilities at fair value through profit or loss	44,535,516	2,314,008	39,219,563	116,924	1,493,874	1,619	1,389,528	44,535,516
Accounts payables to brokerage clients	117,852,233	117,852,233	-	-	-	-	-	117,852,233
Other payables and accrued charges	39,457,323	38,808,671	182,252	92,000	374,400	-	-	39,457,323
Lease liabilities	1,255,518	-	44,236	26,556	277,944	726,007	289,047	1,363,790
<b>Sub-total</b>	<b>559,955,387</b>	<b>158,974,912</b>	<b>221,681,558</b>	<b>34,129,618</b>	<b>68,637,168</b>	<b>81,197,651</b>	<b>1,678,575</b>	<b>566,299,482</b>
<b>Derivative financial liabilities-net settlement</b>								
	6,938,983	2,814,840	311,180	1,349,904	1,914,271	548,737	51	6,938,983
<b>Total</b>	<b>566,894,370</b>	<b>161,789,752</b>	<b>221,992,738</b>	<b>35,479,522</b>	<b>70,551,439</b>	<b>81,746,388</b>	<b>1,678,626</b>	<b>573,238,465</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 62. FINANCIAL RISK MANAGEMENT (continued)

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

##### b. Undiscounted cash flows by contractual maturities (continued)

	As at December 31, 2022							
	Carrying amount	On demand	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Total
<b>Non-derivative financial liabilities</b>								
Borrowings	11,772,043	-	10,150,569	453,914	988,356	286,806	-	11,879,645
Short-term debt instruments	25,147,999	-	124,409	4,235,693	20,984,043	-	-	25,344,145
Placements from banks and other financial institutions	10,802,438	-	10,804,877	-	-	-	-	10,804,877
Bonds payables	134,627,742	-	4,205,775	19,679,020	41,097,713	74,448,867	-	139,431,375
Financial assets sold under repurchase agreements	120,805,473	-	109,071,728	6,971,077	4,896,673	-	-	120,939,478
Financial liabilities at fair value through profit or loss	47,744,020	2,870,917	41,975,848	76,097	1,449,078	-	1,372,080	47,744,020
Accounts payables to brokerage clients	106,377,654	106,377,654	-	-	-	-	-	106,377,654
Other payables and accrued charges	26,881,017	25,903,870	35,147	100,000	842,000	-	-	26,881,017
Lease liabilities	1,243,346	-	42,837	42,736	250,492	732,529	291,081	1,359,675
<b>Sub-total</b>	<b>485,401,732</b>	<b>135,152,441</b>	<b>176,411,190</b>	<b>31,558,537</b>	<b>70,508,355</b>	<b>75,468,202</b>	<b>1,663,161</b>	<b>490,761,886</b>
<b>Derivative financial liabilities-net settlement</b>	<b>2,875,039</b>	<b>800,641</b>	<b>120,396</b>	<b>571,809</b>	<b>1,227,795</b>	<b>154,398</b>	<b>-</b>	<b>2,875,039</b>
<b>Total</b>	<b>488,276,771</b>	<b>135,953,082</b>	<b>176,531,586</b>	<b>32,130,346</b>	<b>71,736,150</b>	<b>75,622,600</b>	<b>1,663,161</b>	<b>493,636,925</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 62. FINANCIAL RISK MANAGEMENT (continued)

#### (4) Market risk

##### a. *Origin and management of market risk*

Market risks of the Group refer to the risks of loss resulting from adverse changes in the market. Securities portfolio held by the Group are derived from the proprietary investments, market-making business and other investment activities. Movements in securities holding primarily arise from the relevant strategies of proprietary investments and needs of market-making. The securities of the Group are measured at fair values which fluctuates daily according to the market factors and change in the portfolios of the securities. Market risks of the Group primarily include: (i) equity price risk, which represents the exposures arise from fluctuation in the spot price, future price and volatility of indices such as stocks, equity portfolio, commodities and stock index futures; (ii) interest rate risk, which primarily represents the exposures arise from movements in the yield curve of fixed income investment, fluctuation in interest rates and credit spreads; and (iii) commodity risk, which represents exposures arise from changes in the spot price, future price and the relevant volatility; and (iv) exchange rate risk, which represents the exposures arise from changes in the spot rate, future rate and volatility of foreign currency exchange rates.

The Group collectively allocates economic capital in accordance with the risk preference and risk tolerance indicators set by the directors of the Group. By considering the risks associated with each type of investments and their interrelationship, the Group allocates the overall risk limits to different business departments/business lines. The front-office business departments are responsible for market risk management at the frontiers. The person in charge and investment manager shall utilize their extensive experience and in-depth knowledge of the markets and products to conduct risk management in trading transactions within their authorities and dynamically manages risk exposures to the securities held in open position by taking initiative measures to mitigate or hedging these risks. Risk Management Department is independent from other business departments and reports to Chief Risk Officer. By applying professional risk management tools and methods, Risk Management Department aims to independently monitor, measure and manage market risk at different levels, including investment strategies, business units/lines and the entire Group. Reports of evaluation and risk analysis are generated and delivered to the responsible officers of the business departments/business lines and management of the Group on a daily, monthly or quarterly basis to facilitate decision making. When risk level is approaching or exceeds the threshold values, Risk Management Department will warn against relevant management officers promptly, and the respective business departments/business lines will implement measures according to the resolutions of the relevant committees.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 62. FINANCIAL RISK MANAGEMENT (continued)

#### (4) Market risk (continued)

##### b. Price risk

#### Value at Risk ("VaR")

The Group adopts Value at Risk ("VaR") as the risk evaluation tool for measuring the market risk of the entire securities investment portfolio which comprises various financial instruments. VaR analysis is a statistical technique that estimates the potential maximum losses that could occur on risk positions due to movements in stock prices over a specified time period and at a given level of confidence.

The analysis of the Group's VaR (confidence level of 95% and a holding period of one trading day) by types of risks is as follows:

	At December 31, 2023			
	Final	Highest	Lowest	Average
Market risk of equity price	62,876	163,430	59,545	94,271
Market risk of interest rate	99,577	111,219	58,595	84,916
Market risk of commodity price	7,152	21,620	7,152	12,390
Market risk of foreign exchange	452	1,302	174	759
	<b>126,230</b>	<b>201,336</b>	<b>106,904</b>	<b>136,267</b>

	At December 31, 2022			
	Final	Highest	Lowest	Average
Market risk of equity price	129,344	134,261	109,445	121,525
Market risk of interest rate	81,904	81,904	31,477	53,111
Market risk of commodity price	23,101	23,101	12,760	16,976
Market risk of foreign exchange	640	1,638	115	633
	<b>183,279</b>	<b>183,279</b>	<b>135,992</b>	<b>150,185</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 62. FINANCIAL RISK MANAGEMENT (continued)

#### (4) Market risk (continued)

##### c. Interest rate risk

The tables below summarize the Group's interest-bearing financial assets and liabilities as at year end 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.

	At December 31, 2023						
	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non-interest bearing	Total
<b>Financial assets</b>							
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	17,697,437	17,697,437
Debt instruments at fair value through other comprehensive income	426,248	969,559	6,301,155	54,294,832	8,806,243	-	70,798,037
Financial assets at fair value through profit or loss	3,055,777	3,159,071	29,220,869	98,317,640	40,839,407	104,144,953	278,737,717
Derivative financial assets	275	15,243	418	-	-	6,663,201	6,679,137
Advances to customers	9,460,552	18,113,005	56,092,463	-	-	-	83,666,020
Financial assets held under resale agreements	33,495,354	1,611,331	13,390,709	1,278,800	-	-	49,776,194
Debt instruments at amortized cost	105,954	171,726	413,813	-	-	-	691,493
Accounts and other receivables	-	-	-	-	-	8,936,078	8,936,078
Other non-current assets	-	-	-	17,239	23,627	92,906	133,772
Deposits with exchanges and non-bank financial institutions	7,921,645	-	-	-	-	5,025,464	12,947,109
Clearing settlement funds	37,691,264	-	-	-	-	458	37,691,722
Cash and bank balances	106,621,279	2,865,757	535,580	-	-	-	110,022,616
<b>Sub-total</b>	<b>198,778,348</b>	<b>26,905,692</b>	<b>105,955,007</b>	<b>153,908,511</b>	<b>49,669,277</b>	<b>142,560,497</b>	<b>677,777,332</b>
<b>Financial liabilities</b>							
Borrowings	7,889,545	200,906	-	-	-	-	8,090,451
Short-term debt instruments	6,405,527	22,529,344	27,634,000	-	-	456,864	57,025,735
Placements from banks and other financial institutions	18,991,562	2,374,687	5,695,143	-	-	-	27,061,392
Bonds payables	11,211,594	6,364,509	28,239,068	73,623,551	-	2,553,743	121,992,465
Financial assets sold under repurchase agreements	140,087,698	2,146,362	450,694	-	-	-	142,684,754
Derivative financial liabilities	-	5,705	-	-	-	6,933,278	6,938,983
Financial liabilities at fair value through profit or loss	39,184,029	-	-	-	-	5,351,487	44,535,516
Accounts payables to brokerage clients	98,646,885	-	-	-	-	19,205,348	117,852,233
Other payables and accrued charges	146,000	92,000	374,400	-	-	38,844,923	39,457,323
Lease liabilities	43,902	26,334	274,218	674,364	236,700	-	1,255,518
<b>Sub-total</b>	<b>322,606,742</b>	<b>33,739,847</b>	<b>62,667,523</b>	<b>74,297,915</b>	<b>236,700</b>	<b>73,345,643</b>	<b>566,894,370</b>
<b>Net position</b>	<b>(123,828,394)</b>	<b>(6,834,155)</b>	<b>43,287,484</b>	<b>79,610,596</b>	<b>49,432,577</b>	<b>69,214,854</b>	<b>110,882,962</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 62. FINANCIAL RISK MANAGEMENT (continued)

#### (4) Market risk (continued)

##### c. Interest rate risk (continued)

	At December 31, 2022						
	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non-interest bearing	Total
<b>Financial assets</b>							
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,628,336	1,628,336
Debt instruments at fair value through other comprehensive income	733,186	2,238,306	17,863,347	39,146,643	907,046	-	60,888,528
Financial assets at fair value through profit or loss	2,495,634	5,236,448	48,240,283	72,142,519	19,314,663	94,346,443	241,775,990
Derivative financial assets	-	24,700	-	-	-	3,639,986	3,664,686
Advances to customers	9,458,728	17,842,239	54,240,149	-	-	-	81,541,116
Financial assets held under resale agreements	37,451,464	1,769,257	10,234,825	125,199	-	-	49,580,745
Debt instruments at amortized cost	1,672	467,713	46,402	20,011	-	23,762	559,560
Accounts and other receivables	-	-	30,674	-	-	5,789,739	5,820,413
Other non-current assets	-	-	-	-	-	-	-
Deposits with exchanges and non-bank financial institutions	8,115,682	-	-	-	-	4,097,542	12,213,224
Clearing settlement funds	23,804,906	-	-	-	-	-	23,804,906
Cash and bank balances	106,626,158	5,633,426	1,117,680	-	-	-	113,377,264
<b>Sub-total</b>	<b>188,687,430</b>	<b>33,212,089</b>	<b>131,773,360</b>	<b>111,434,372</b>	<b>20,221,709</b>	<b>109,525,808</b>	<b>594,854,768</b>
<b>Financial liabilities</b>							
Borrowings	10,840,847	886,067	45,129	-	-	-	11,772,043
Short-term debt instruments	124,190	4,216,159	20,183,285	-	-	624,365	25,147,999
Placements from banks and other financial institutions	10,802,438	-	-	-	-	-	10,802,438
Bonds payables	4,171,736	19,447,013	38,780,223	68,894,292	-	3,334,478	134,627,742
Financial assets sold under repurchase agreements	109,042,933	6,932,843	4,829,697	-	-	-	120,805,473
Derivative financial liabilities	3,311	699	-	-	-	2,871,029	2,875,039
Financial liabilities at fair value through profit or loss	41,818,086	-	-	-	-	5,925,934	47,744,020
Accounts payables to brokerage clients	93,159,725	-	-	-	-	13,217,929	106,377,654
Other payables and accrued charges	-	100,000	842,000	-	-	25,939,017	26,881,017
Lease liabilities	42,718	42,452	245,676	679,197	233,303	-	1,243,346
<b>Sub-total</b>	<b>270,005,984</b>	<b>31,625,233</b>	<b>64,926,010</b>	<b>69,573,489</b>	<b>233,303</b>	<b>51,912,752</b>	<b>488,276,771</b>
<b>Net position</b>	<b>(81,318,554)</b>	<b>1,586,856</b>	<b>66,847,350</b>	<b>41,860,883</b>	<b>19,988,406</b>	<b>57,613,056</b>	<b>106,577,997</b>



## Notes to the Consolidated Financial Statements (Continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

### 62. FINANCIAL RISK MANAGEMENT (continued)

#### (4) Market risk (continued)

##### c. Interest rate risk (continued)

#### Sensitivity analysis

The Group conducts sensitivity analysis on interest rates to measure the impact of a reasonably possible change in interest rates on the Group's profit and equity, assuming all other variables were held constant. Assuming a parallel change in market interest rate and without taking into account of any possible risk management activities that may be taken by the management to reduce interest rate risks, the Group's interest rate sensitivity analysis is as follows:

#### Sensitivity to profit

	As at December 31,	
	2023	2022
<b>Change in basis points</b>		
Increase by 100bps	(3,474,937)	(369,098)
Decrease by 100bps	3,559,605	227,578

#### Sensitivity to equity

	As at December 31,	
	2023	2022
<b>Change in basis points</b>		
Increase by 100bps	(5,400,396)	(1,462,917)
Decrease by 100bps	5,587,608	1,356,811

##### d. Foreign currency rate risk

Foreign exchange rate risk represents the adverse changes in the financial position and cash flows of the Group due to changes in foreign exchange rates. The Group conducts sensitivity analysis on foreign exchange rates to measure its foreign exchange rate risks. The table below indicates the sensitivity analysis on exchange rate changes in currencies that the Group has significant exposure, which calculates the impacts to equity arising from a reasonably possible change in the exchange rate of a foreign currency against Renminbi, assuming all other variables were held constant. A negative amount reflects a potential decrease in equity, and a positive amount reflects a potential increase in equity.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 62. FINANCIAL RISK MANAGEMENT (continued)

#### (4) Market risk (continued)

##### d. Foreign currency rate risk (continued)

##### Sensitivity analysis of exchange rate

	As at December 31,	
	2023	2022
<b>Change in exchange rate</b>		
Depreciation of USD by 3%	(24,180)	42,481
Depreciation of HKD by 3%	(52,670)	(112,390)

The table above indicates the impacts on the equity of a depreciation of 3% in USD and HKD against Renminbi. There will be an opposite impact with the same amount as shown in the above table if the above exchange rates appreciate by the same percentage.

#### (5) Operational risk

The Group's operational risks arise from imperfect or problematic internal processes, people and systems or external events. The operational risk factors of the Group are summarized into seven categories, including: internal fraud, external fraud, employee policies and workplace safety, clients, products and business activities, physical property damage, business interruption and IT system failures, execution, settlement and process management.

The Group emphasize balance of business scale, profitability and risk tolerance level, adhering to carrying out various operations with prudence, and will not sacrifice operational risk management and controls. During the current year, the Group continued to strengthen operational risk management, and had improved a sound operational risk management system gradually, which was commensurate with the business nature, scale and complexity of the Group. Three management tools, namely, (1) self-assessment of operational risk control, (2) operational risk key risk indicators and (3) operational risk event had been used to effectively enhance the depth and breadth of operational risk management through various special sorting and investigations for industry hotspot events and frequent risk-prone areas.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 63. FAIR VALUE OF FINANCIAL INSTRUMENTS

#### (1) Fair value of the financial assets and financial liabilities that are not measured on a recurring basis

The fair value of financial assets and financial liabilities not measured at fair value on a recurring basis is estimated using discounted cash flow method.

The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities not measured at fair value on a recurring basis (including financial liabilities included in the consolidated statement of financial position of the Group at amortized cost) approximate their fair values as at December 31, 2023 and 2022.

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and foreign exchange rates. Where discounted cash flow analysis is used, estimated cash flows are based on management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

Since the Level 2 and Level 3 of financial assets and liabilities are not quoted in an active market, valuation techniques are used to estimate the fair value. When estimating fair value using valuation techniques, observable inputs and data from the practical market (e.g. yield curve of interest rate products, foreign currency exchange rate, implied volatility, etc.) are adopted. If the observable inputs in the market are not available, the observable input data that are calibrated as closely as possible to the market observable data are used for estimating the fair value. Meanwhile, the credit risk, volatility, correlation, etc. of the Group and the counterparties are estimated by the management. Changes in these factors will affect the estimated fair value of the financial instruments, therefore there were uncertainty of accounting estimation on carrying balances of the Level 2 and Level 3 of financial assets and liabilities.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 63. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

The valuation techniques and input used in the fair value measurements of financial instruments are as follows:

Financial assets/financial liabilities	Fair value as at December 31,		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input to fair value
	2023	2022				
<b>1) Financial assets at fair value through profit or loss</b>						
<i>Debt securities</i>						
- Traded on stock exchanges	2,669,900	1,860,311	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Traded on stock exchange or interbank market	171,922,864	144,396,485	Level 2	Discounted cash flow method. Estimated cash flows discounted at observable yield curve reflecting credit risk of counterparties.	N/A	N/A
- Bonds with no active market	471,664	2,143,243	Level 3	Discounted cash flow method. Estimated cash flows discounted at unobservable yield curve reflecting credit risk of counterparties.	Estimated future cash flows. Discount rates that reflect the risks of counterparties.	The higher the estimated future cash flows, the higher the fair value. The lower the discount rate, the higher the fair value.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 63. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at December 31,		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input to fair value
	2023	2022				
<b>1) Financial assets at fair value through profit or loss (continued)</b>						
<b>Equity investments</b>						
- Traded on stock exchanges	36,088,560	20,966,001	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Traded on stock exchanges (inactive)	30,675	24,828	Level 2	Quoted closing prices for stocks suspended for trading adjusted by fair value changes of similar securities.	N/A	N/A
- Traded on stock exchanges (restricted)	852,037	2,165,229	Level 3	Market prices adjusted by option pricing model for liquidity.	Liquidity discount.	The higher the discount, the lower the fair value.
- Traded on National Equities Exchange and Quotations	159,843	158,448	Level 2	Bid prices quoted by market dealers.	N/A	N/A
- Traded on National Equities Exchange and Quotations	16,863	7,500	Level 2	Bid prices or negotiated prices.	N/A	N/A
- Unlisted Equity	271,041	2,440,774	Level 2	Latest observable transaction prices.	N/A	N/A
- Unlisted Equity	82,321	112,846	Level 3	Net asset value based on the fair value of the underlying investments.	The fair value of underlying assets.	The higher the underlying assets valuation, the higher the fair value.
- Unlisted Equity	2,622,562	635,711	Level 3	Comparable companies valuation, adjusted by liquidity discount.	Valuation multiples e.g. P/E or P/B./Liquidity discount.	The higher the valuation multiples, the higher the fair value. The higher the discount, the lower the fair value.
- Unlisted Equity	358,835	84,201	Level 3	Discounted cash flow method. Estimated cash flows discounted at unobservable yield curve reflecting credit risk of counterparties.	Estimated future cash flows. Discount rates that reflect the risks of counterparties.	The higher the estimated future cash flows, the higher the fair value. The lower the discount rate, the higher the fair value.
- Unlisted Equity	292,220	-	Level 3	Latest transaction price adjusted by option pricing model for liquidity.	Latest transactions prices adjusted by differences in rights of equity interest holders using derivatives models. Historical volatilities.	The higher the historical volatilities, the higher the fair value

## Notes to the Consolidated Financial Statements (Continued)

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### 63. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at December 31,		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input to fair value
	2023	2022				
<b>1) Financial assets at fair value through profit or loss (continued)</b>						
<b>Funds</b>						
- Traded on stock exchanges	11,782,397	13,606,150	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Traded on over-the-counter market	29,880,345	36,472,986	Level 2	Based on the net asset values of the investment, determined with reference to observable (quoted) prices of underlying investment portfolio.	N/A	N/A
<b>Other investments</b>						
- Wealth management and trust products and others	101,896	253,984	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Wealth management and trust products and others	12,984,508	9,547,209	Level 2	Based on the net asset values of the investment, determined with reference to observable (quoted) prices of underlying investment portfolio.	N/A	N/A
- Wealth management and trust products and others	740,532	-	Level 2	Discounted cash flow method. Estimated cash flows discounted at an observable yield curve reflecting credit risk of counterparties.	N/A	N/A
- Wealth management and trust products and others	110,770	232,395	Level 3	Discounted cash flow method. Estimated cash flows discounted at an unobservable yield curve reflecting credit risk of counterparties.	Estimated future cash flows. Discount rates that reflect the risks of counterparties.	The higher the estimated future cash flows, the higher the fair value. The lower the discount rate, the higher the fair value.
- Partnership enterprise	7,297,884	6,667,689	Level 3	Comparable companies valuation, adjusted by liquidity discount.	Valuation multiples e.g. P/E or P/B./Liquidity discount.	The higher the valuation multiples, the higher the fair value. The higher the discount, the lower the fair value.

## Notes to the Consolidated Financial Statements (Continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

### 63. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at December 31,		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input to fair value
	2023	2022				
<b>2) Debt instruments at fair value through other comprehensive income</b>						
<i>Bonds</i>						
- Traded on stock exchanges	280,522	918,980	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Traded on stock exchange or interbank market	70,517,515	59,969,548	Level 2	Discounted cash flow method. Estimated cash flows discounted at observable yield curve reflecting credit risk of counterparties.	N/A	N/A
<b>3) Equity instruments at fair value through other comprehensive income</b>						
<i>Equity investments</i>						
- Traded on stock exchanges	1,617,654	1,621,133	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Traded on stock exchanges (inactive)	1,417	7,203	Level 2	Quoted closing prices for stocks suspended for trading adjusted by fair value changes of similar securities.	N/A	N/A
- Traded on stock exchange or interbank market	16,076,259	-	Level 2	Discounted cash flow method. Estimated cash flows discounted at observable yield curve reflecting credit risk of counterparties.	N/A	N/A
- Others	2,107	-	Level 2	Latest observable transaction prices.	N/A	N/A

## Notes to the Consolidated Financial Statements (Continued)

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### 63. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at December 31,		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input to fair value
	2023	2022				
<b>4) Derivative financial instruments</b>						
- Interest rate swap – assets	15,936	23,279	Level 2	Discounted cash flows with future cash flows that are estimated based on contractual terms, discounted at a rate that reflects the credit risk.	N/A	N/A
- Interest rate swap – liabilities	14,927	10,490	Level 2	Discounted cash flows with future cash flows that are estimated based on contractual terms, discounted at a rate that reflects the credit risk.	N/A	N/A
- Bond futures – assets	3,983	4,650	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Bond futures – liabilities	13,627	1,824	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Equity return swaps – assets	3,771,632	2,454,820	Level 2	Calculated based on the difference between the equity return of underlying securities and the fixed income agreed in the swap agreements.	N/A	N/A
- Equity return swaps – liabilities	4,180,517	1,668,572	Level 2	Calculated based on the difference between the equity return of underlying securities and the fixed income agreed in the swap agreements.	N/A	N/A
- Stock index futures – assets	8,789	7,371	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Stock index futures – liabilities	118,173	5,088	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Options – assets	299,665	319,615	Level 1	Quoted closing prices in an active market.	N/A	N/A



## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 63. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at December 31,		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input to fair value
	2023	2022				
<b>4) Derivative financial instruments (continued)</b>						
- Options – liabilities	648,397	604,811	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Over-the-counter option – assets	50,959	-	Level 2	Option pricing model. Key inputs mainly include the underlying price, the strike price and time to expiry.	N/A	N/A
- Over-the-counter option – liabilities	18,004	3,305	Level 2	Option pricing model. Key inputs mainly include the underlying price, the strike price and time to expiry.	N/A	N/A
- Over-the-counter option – assets	1,666,384	546,343	Level 3	Option pricing model.	Historical volatility of the share prices of the securities.	The higher the historical volatility, the higher the fair value.
- Over-the-counter option – liabilities	971,163	415,627	Level 3	Option pricing model.	Historical volatility of the share prices of the securities.	The higher the historical volatility, the higher the fair value.
- Foreign exchange contracts – assets	-	163,820	Level 2	Broker quoted price.	N/A	N/A
- Foreign exchange contracts – assets	47,280	19,052	Level 2	Discounted cash flows. Future cash flows are estimated based on forward and contractual interest rates, discounted at rates that reflects the credit risk.	N/A	N/A
- Foreign exchange contracts – liabilities	5,944	19,897	Level 2	Discounted cash flows. Future cash flows are estimated based on forward and contractual interest rates, discounted at rates that reflects the credit risk.	N/A	N/A
- Currency futures – assets	27	7,002	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Currency futures – liabilities	272	100	Level 1	Quoted closing prices in an active market.	N/A	N/A

## Notes to the Consolidated Financial Statements (Continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

### 63. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at December 31,		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input to fair value
	2023	2022				
<b>4) Derivative financial instruments (continued)</b>						
- Currency futures – assets	7,753	24,027	Level 2	Calculated based on the difference between the underlying assets market price and the reference price agreed by counterparties.	N/A	N/A
- Currency futures – liabilities	14,331	15,950	Level 2	Calculated based on the difference between the underlying assets market price and the reference price agreed by counterparties.	N/A	N/A
- Credit default swap – assets	-	511	Level 2	Discounted cash flows. Future cash flows are estimated based on forward and contractual interest rates, discounted at rates that reflects the credit risk.	N/A	N/A
- Credit default swap – liabilities	430	-	Level 2	Discounted cash flows. Future cash flows are estimated based on forward and contractual interest rates, discounted at rates that reflects the credit risk.	N/A	N/A
- Credit default swap – assets	1,556	7,536	Level 3	Discounted cash flows with future cash flows that are estimated based on the difference of agreed return and expected market return.	The agreed return rate.	The higher the agreed return rate, the higher the fair value.
- Credit default swap – liabilities	4,417	144	Level 3	Discounted cash flows with future cash flows that are estimated based on the difference of agreed return and expected market return.	The agreed return rate.	The higher the agreed return rate, the higher the fair value.

## Notes to the Consolidated Financial Statements (Continued)

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(Expressed in thousands of Renminbi, unless otherwise stated)

### 63. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at December 31,		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input to fair value
	2023	2022				
<b>4) Derivative financial instruments (continued)</b>						
- Commodity futures – assets	369,366	17,145	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Commodity futures – liabilities	509,041	30,664	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Commodity swap – assets	426,837	68,177	Level 2	Calculated based on the difference between the underlying commodity market price and the reference price agreed by counterparties.	N/A	N/A
- Commodity swap – liabilities	439,417	85,689	Level 2	Calculated based on the difference between the underlying commodity market price and the reference price agreed by counterparties.	N/A	N/A
- Commodity forward contracts – assets	8,949	1,338	Level 2	Calculated based on the difference between the underlying commodity market price and the reference price agreed by counterparties.	N/A	N/A
- Commodity forward contracts – liabilities	323	9,567	Level 2	Calculated based on the difference between the underlying commodity market price and the reference price agreed by counterparties.	N/A	N/A
- Bond forward contracts – assets	21	-	Level 3	Discounted cash flows with future cash flows that are calculated based on the difference between quoted closing price and the reference price agreed by counterparties.	The settlement price agreed in the agreements.	The higher the settlement price, the higher the fair value.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 63. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at December 31,		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input to fair value
	2023	2022				
<b>4) Derivative financial instruments (continued)</b>						
- Bond forward contracts - liabilities	-	3,311	Level 3	Discounted cash flows with future cash flows that are calculated based on the difference between quoted closing price and the reference price agreed by counterparties.	The settlement price agreed in the agreements.	The higher the settlement price, the higher the fair value.
<b>5) Financial liabilities at fair value through profit or loss</b>						
- Structured entities	1,464,805	2,732,367	Level 2	Based on the net asset values of the investment, determined with reference to observable (quoted) prices of underlying investment portfolio.	N/A	N/A
- Equity securities	1,798,215	1,437,918	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Debt securities	39,184,029	41,818,085	Level 2	Discounted cash flow method. Estimated cash flows discounted at observable yield curve reflecting credit risk of counterparties.	N/A	N/A
- Structured notes	1,641,628	1,483,752	Level 2	Based on the net asset values of the investment, determined with reference to observable (quoted) prices of underlying investment portfolio.	N/A	N/A
- Income right	-	1,008	Level 1	Quoted closing prices in an active market.	N/A	N/A

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 63. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at December 31,		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input to fair value
	2023	2022				
<b>5) Financial liabilities at fair value through profit or loss (continued)</b>						
- Income right	-	8,578	Level 2	Based on the net asset values of the investment, determined with reference to observable (quoted) prices of underlying investment portfolio.	N/A	N/A
- Income right	66,117	46,850	Level 3	Net asset value based on the fair value of the underlying investments.	The fair value of underlying assets.	The higher the underlying assets valuation, the higher the fair value.
- Others	216,320	17,210	Level 1	Quoted closing prices in an active market.	N/A	N/A
- Others	164,402	198,252	Level 2	Calculated based on the difference between the equity return of underlying securities and the fixed income agreed in the swap agreements.	N/A	N/A

The fair value of the financial instruments in Level 3 is not significantly sensitive to a reasonable change in these unobservable inputs.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

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### 63. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Analysis of financial instruments, measured at fair value at the end of the year, by level in the fair value hierarchy into which the fair value measurement is categorized as follows:

	As at December 31, 2023			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	50,642,753	216,006,671	12,088,293	278,737,717
– Debt securities	2,669,900	171,922,864	471,664	175,064,428
– Equity investments	36,088,560	478,422	4,207,975	40,774,957
– Funds	11,782,397	29,880,345	–	41,662,742
– Others	101,896	13,725,040	7,408,654	21,235,590
Derivative financial assets	681,830	4,329,346	1,667,961	6,679,137
Debt instruments at fair value through other comprehensive income	280,522	70,517,515	–	70,798,037
Equity instruments at fair value through other comprehensive income	1,617,654	16,079,783	–	17,697,437
	<b>53,222,759</b>	<b>306,933,315</b>	<b>13,756,254</b>	<b>373,912,328</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss	2,014,535	42,454,864	66,117	44,535,516
Derivative financial liabilities	1,289,510	4,673,893	975,580	6,938,983
	<b>3,304,045</b>	<b>47,128,757</b>	<b>1,041,697</b>	<b>51,474,499</b>

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For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 63. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

	As at December 31, 2022			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	36,686,446	193,048,230	12,041,314	241,775,990
– Debt securities	1,860,311	144,396,485	2,143,243	148,400,039
– Equity investments	20,966,001	2,631,550	2,997,987	26,595,538
– Funds	13,606,150	36,472,986	–	50,079,136
– Others	253,984	9,547,209	6,900,084	16,701,277
Derivative financial assets	355,783	2,755,024	553,879	3,664,686
Debt instruments at fair value through other comprehensive income	918,980	59,969,548	–	60,888,528
Equity instruments at fair value through other comprehensive income	1,621,133	7,203	–	1,628,336
	<b>39,582,342</b>	<b>255,780,005</b>	<b>12,595,193</b>	<b>307,957,540</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss	1,456,136	46,241,034	46,850	47,744,020
Derivative financial liabilities	642,487	1,813,470	419,082	2,875,039
	<b>2,098,623</b>	<b>48,054,504</b>	<b>465,932</b>	<b>50,619,059</b>

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For The Year Ended December 31, 2023

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### 63. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### (2) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

##### Reconciliation of Level 3 fair value measurements

	Financial assets	Financial liabilities
As at January 1, 2023	12,595,193	465,932
Gains or losses for the year	1,863,033	227,606
Additions	1,728,483	588,865
Sales and settlements	(2,094,686)	(249,284)
Transfers into Level 3	2,109,435	8,578
Transfers out Level 3	(2,445,204)	-
As at December 31, 2023	13,756,254	1,041,697
<b>Total gains or losses for the year included in profit or loss for assets/liabilities held at the end of the reporting period</b>	<b>2,014,762</b>	<b>229,831</b>
	Financial assets	Financial liabilities
As at January 1, 2022	14,378,243	786,381
Gains or losses for the year	(63,535)	(130,399)
Additions	4,259,761	239,177
Sales and settlements	(4,202,205)	(418,157)
Transfers into Level 3	222,334	-
Transfers out Level 3	(1,999,405)	(11,070)
As at December 31, 2022	12,595,193	465,932
<b>Total gains or losses for the year included in profit or loss for assets/liabilities held at the end of the reporting period</b>	<b>542,062</b>	<b>(247,388)</b>

For the fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis, the Group reassesses the hierarchy category at the end of each reporting period, based on the lowest level input that has a significant impact on the overall fair value measurement, to determine whether there are any transfers between different levels. In both the year 2023 and 2022, the Group had equity investments that were transferred from Level 3 to Level 1, because the trading restrictions on these investments had been lifted and their fair values were determined based on quoted closing prices in an active market without any liquidity discounts. In addition, there were also some investments that were transferred between Level 2 and Level 3. The reason for transfers from Level 2 to Level 3 was that the valuation technique based on the most recent market transaction prices had changed to valuation technique based on significant unobservable inputs used for these investments. The reason for transfers from Level 3 to Level 2 was that the valuation technique based on significant unobservable inputs had changed to observable inputs.



## Notes to the Consolidated Financial Statements (Continued)

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### 64. 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.

Type of financial asset	As at December 31, 2023					
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Accounts and other receivables	1,717,146	(950,502)	766,644	(19,811)	(441,690)	305,143

Type of financial liabilities	As at December 31, 2023					
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Accounts payable to brokerage clients	(5,862,124)	104,041	(5,758,083)	987,042	-	(4,771,041)
Other payables and accrued charges	(3,334,242)	79,710	(3,254,532)	19,811	(429,102)	(3,663,823)
	(9,196,366)	183,751	(9,012,615)	1,006,853	(429,102)	(8,434,864)

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### 64. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Type of financial asset	As at December 31, 2022					
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Accounts and other receivables	745,970	(428,736)	317,234	(1,657)	(3,571)	312,006

Type of financial liabilities	As at December 31, 2022					
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral	
Accounts payable to brokerage clients	(7,709,833)	212,362	(7,497,471)	433,189	-	(7,064,282)
Other payables and accrued charges	(493,159)	389,697	(103,462)	1,657	(35,467)	(137,272)
	(8,202,992)	602,059	(7,600,933)	434,846	(35,467)	(7,201,554)

The Group has entered into master netting arrangements with counterparties for the derivative instruments, accounts and other receivables, accounts payable to brokerage clients and other payables and accrued charges for netting trades.

The Group has entered into master netting arrangements with Hong Kong Securities Clearing Company Limited for netting trades, net receivables and payables are settled on the same settlement date as the company.

Except for the enforceable master netting arrangements and the offsetting rights of the financial assets under the similar agreements as disclosed above, the collateral financial assets held under resale agreement, financial assets sold under repurchase agreement, secured loan receivables and margin accounts receivable are disclosed in the corresponding notes and are generally not presented on a net basis in the financial position. However, assuming the fair value of the collateral is presented on a net basis, the risk exposure of the corresponding accounts will be reduced accordingly. As at December 31, 2023 and 2022, due to the fair value of the collateral is higher than the book value of the financial instruments, collateral net exposure after offsetting and net amount is considered not significant.

## Notes to the Consolidated Financial Statements (Continued)

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### 65. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The following table only contains details of subsidiaries that have significant influence on the Group's performance, assets or liabilities. Unless otherwise stated, the type of shares held is ordinary share.

						As at December 31,	
						2023	2022
Unlisted investments, at cost						18,869,797	18,869,797
Name of subsidiaries	Place of incorporation/ main operation	Proportion ownership interest held by the Company (As at December 31, 2023)		Proportion ownership interest held by the Company (As at December 31, 2022)		Issued and fully paid share capital	Principal activities
		Directly	Indirectly	Directly	Indirectly		
China Merchants Futures Co., Ltd.	PRC	100.00%	0.00%	100.00%	0.00%	RMB3,598,000,000	Futures brokerage
China Merchants Securities Capital Investment Co., Ltd.*	PRC	0.00%	100.00%	0.00%	100.00%	RMB500,000,000	Financial services
China Merchants Zhiyuan Capital Investment Co., Ltd.	PRC	100.00%	0.00%	100.00%	0.00%	RMB1,800,000,000	Investment holding
Shenzhen China Merchants Zhiyuan Equity Investment and Funds Management Co., Ltd.	PRC	0.00%	70.00%	0.00%	70.00%	RMB15,000,000	Investment management
Ganzhou China Merchants Zhiyuan No. 1 Fund Management Co., Ltd.*	PRC	0.00%	70.00%	0.00%	70.00%	RMB10,000,000	Investment management
Anhui Traffic Control Merchants Private Equity Fund Management Co., Ltd.*	PRC	0.00%	100.00%	0.00%	100.00%	RMB25,000,000	Investment management
Qingdao Guoxin Merchants Private Equity Fund Management Co., Ltd.*	PRC	0.00%	65.00%	0.00%	65.00%	RMB10,000,000	Investment management
Shenyang China Merchants Business and Development Investment Management Co., Ltd.*	PRC	0.00%	70.00%	0.00%	70.00%	RMB4,000,000	Investment management
Chizhou Zhongan China Merchants Equity Investment Management Co., Ltd.*	PRC	0.00%	72.00%	0.00%	72.00%	RMB10,000,000	Investment management
Anhui Zhiyuan Smart City Fund Management Co., Ltd.*	PRC	0.00%	100.00%	0.00%	100.00%	RMB4,500,000	Equity fund management, investment advisory service, investment management, financial consultancy service

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 65. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiaries	Place of incorporation/ main operation	Proportion ownership interest held by the Company (As at December 31, 2023)		Proportion ownership interest held by the Company (As at December 31, 2022)		Issued and fully paid share capital	Principal activities
		Directly	Indirectly	Directly	Indirectly		
Anhui Traffic Control China Merchants Fund Management Co., Ltd. *	PRC	0.00%	70.00%	0.00%	70.00%	RMB15,000,000	Investment management
China Merchants Securities Investment Co., Ltd.	PRC	100.00%	0.00%	100.00%	0.00%	RMB7,100,000,000	Investment holding
China Merchants Securities Asset Management Co., Ltd.	PRC	100.00%	0.00%	100.00%	0.00%	RMB1,000,000,000	Assets management
China Merchants Securities Global Information Technology (Shenzhen) Co., Ltd (used to be named "Shenzhen China Merchants Zhiyuan Consultancy Services Co., Ltd.")	PRC	0.00%	100.00%	0.00%	100.00%	RMB3,000,000	Technical services and software development
China Merchants Securities International Company Limited	PRC	100.00%	0.00%	100.00%	0.00%	HK\$4,103,627,390	Investment holding
China Merchants Securities Investment Management (HK) Co., Limited	PRC	0.00%	100.00%	0.00%	100.00%	HK\$400,000,000	Investment holding
CMS Capital (HK) Co., Limited	PRC	0.00%	100.00%	0.00%	100.00%	HK\$5,000,000	Assets management
CMS Asset Management (HK) Co., Limited	PRC	0.00%	100.00%	0.00%	100.00%	HK\$10,000,000	Assets management
China Merchants Securities (HK) Co., Limited	PRC	0.00%	100.00%	0.00%	100.00%	HK\$5,500,000,000	Securities brokerage
China Merchants Futures (HK) Co., Limited	PRC	0.00%	100.00%	0.00%	100.00%	HK\$200,000,000	Futures brokerage
CMS Fund Services (HK) Limited	PRC	0.00%	100.00%	0.00%	100.00%	HK\$10,000	Agent service
China Merchants Securities (HK) Finance Co., Limited	PRC	0.00%	100.00%	0.00%	100.00%	HK\$500,000	Investment and financing Management
CMS International Gemstone Limited	UK	0.00%	100.00%	0.00%	100.00%	US\$1	Investment management
True Summit International Limited	UK	0.00%	100.00%	0.00%	100.00%	US\$1	Investment management
Mega Vantage Development Limited	UK	0.00%	100.00%	0.00%	100.00%	US\$1	Investment management

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## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 65. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiaries	Place of incorporation/ main operation	Proportion ownership interest held by the Company (As at December 31, 2023)		Proportion ownership interest held by the Company (As at December 31, 2022)		Issued and fully paid share capital	Principal activities
		Directly	Indirectly	Directly	Indirectly		
CMS Nominees (BVI) Limited	UK	0.00%	100.00%	0.00%	100.00%	US\$1	Investment holding
Humble Easy Limited	UK	0.00%	98.40%	0.00%	98.40%	US\$5,000,000	Investment management
Bliss Moment Limited	UK	0.00%	100.00%	0.00%	100.00%	US\$10,000,000	Investment management
CMS Capital Fund Management Co. Ltd.	UK	0.00%	100.00%	0.00%	100.00%	US\$0.01	Investment holding
China Merchants Securities (UK) Limited	UK	0.00%	100.00%	0.00%	100.00%	US\$22,000,000	Futures brokerage
China Merchants Securities (Korea) Co., Ltd.	Korea	0.00%	100.00%	0.00%	100.00%	KRW8,523,900,000	Securities brokerage, futures brokerage
China Merchants Securities (Singapore) Pte. Ltd.	Singapore	0.00%	100.00%	0.00%	100.00%	US\$1	Futures brokerage
China Opportunities Limited <sup>(i)</sup>	UK	0.00%	0.00%	0.00%	100.00%	US\$12,749,889	Assets management

\* English name translated is for identification purpose only.

(i) The Group has lost control over China Opportunities Limited in Feb 2023.

As at December 31, 2023, the bond securities issued by the subsidiaries of the company are “CMSI GEM N2409” and “CMSINT 3.3 09/18/26 EMTN”, the issuer is CMS International Gemstone Limited, as detailed in notes 53 and 54, respectively.

The above subsidiaries are all limited liability company.

The directors of the Company considered that none of these subsidiaries has non-controlling interests material to the Group at the end of the year, and therefore there is no further information to be disclosed.

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 66. 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.

	Borrowings	Short-term debt instruments	Bonds payables	Lease liabilities	Dividend payables	Others	Total
At January 1, 2023	11,772,043	25,147,999	134,627,742	1,243,346	574,515	(14,151)	173,351,494
<b>Cash changes</b>							
- Cash flow from financing activities	(4,151,510)	31,269,939	(16,826,966)	(396,982)	(2,193,207)	-	7,701,274
- Cash flow from operating activities	-	-	-	-	(2,275)	-	(2,275)
<b>Non-cash changes</b>							
- Financing cost incurred	355,843	607,219	4,123,992	38,845	2,193,207	-	7,319,106
- Additions of leases				382,101			382,101
- Disposal of leases				(13,103)			(13,103)
- Others	(30,675)	-	-	-	-	-	(30,675)
- Exchange differences	144,750	578	67,697	1,311	-	-	214,336
At December 31, 2023	8,090,451	57,025,735	121,992,465	1,255,518	572,240	(14,151)	188,922,258
	Borrowings	Short-term debt instruments	Bonds payables	Lease liabilities	Dividend payables	Others	Total
At January 1, 2022	6,228,188	26,935,839	146,313,957	1,317,465	592,196	-	181,387,645
<b>Cash changes</b>							
- Cash flow from financing activities	4,621,788	(2,400,708)	(17,317,134)	(393,798)	(5,510,034)	(14,151)	(21,014,037)
- Cash flow from operating activities	30,675	-	-	-	-	-	30,675
<b>Non-cash changes</b>							
- Financing cost incurred	135,735	593,103	5,190,386	38,073	5,492,353	-	11,449,650
- Additions of leases				273,900			273,900
- Disposal of leases				(1,021)			(1,021)
- Exchange differences	755,657	19,765	440,533	8,727			1,224,682
At December 31, 2022	11,772,043	25,147,999	134,627,742	1,243,346	574,515	(14,151)	173,351,494

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 67. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

	As at December 31,	
	2023	2022 (Restated)
<b>Non-current assets</b>		
Property and equipment	1,449,081	1,465,950
Right-of-use assets	1,424,375	1,422,456
Other intangible assets	283,952	3,000
Investments in subsidiaries	18,869,797	18,869,797
Interests in associates	11,751,540	10,742,765
Equity instruments at fair value through other comprehensive income	17,583,531	1,538,047
Financial assets held under resale agreements	1,278,800	100,224
Financial assets at fair value through profit or loss	41,710	42
Deferred tax assets	1,438,983	1,698,561
Other non-current assets	547,387	557,680
<b>Total non-current assets</b>	<b>54,669,156</b>	<b>36,398,522</b>
<b>Current assets</b>		
Advances to customers	81,423,718	78,659,209
Current tax assets	414,823	388,636
Accounts and other receivables	4,843,156	2,984,669
Amount due from a subsidiary	2,921,440	1,891,607
Debt instruments at fair value through other comprehensive income	68,207,092	58,608,252
Debt instruments at amortized cost	–	15,539
Financial assets held under resale agreements	48,497,394	49,480,521
Financial assets at fair value through profit or loss	238,852,462	208,983,948
Derivative financial assets	4,699,497	2,917,524
Other non-current assets	300,539	3,507
Deposits with exchanges and non-bank financial institutions	7,647,730	7,947,557
Clearing settlement funds	39,787,923	23,942,745
Cash and bank balances	55,149,412	66,775,369
<b>Total current assets</b>	<b>552,745,186</b>	<b>502,599,083</b>
<b>Total assets</b>	<b>607,414,342</b>	<b>538,997,605</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 67. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (continued)

	As at December 31,	
	2023	2022 (Restated)
<b>Current liabilities</b>		
Short-term debt instruments	56,979,600	25,113,021
Placements from banks and other financial institutions	26,420,988	10,802,438
Accounts payables to brokerage clients	70,851,406	74,116,727
Accrued staff costs	5,127,940	6,184,843
Other payables and accrued charges	36,491,089	25,023,834
Financial liabilities at fair value through profit or loss	39,185,099	41,818,085
Derivative financial liabilities	4,499,531	2,135,710
Financial assets sold under repurchase agreements	139,152,739	116,558,516
Lease liabilities	311,324	291,867
Contract liabilities	51,280	63,808
Provisions	536	86,314
Bonds payables due within one year	43,565,065	63,221,046
<b>Total current liabilities</b>	<b>422,636,597</b>	<b>365,416,209</b>
<b>Net current assets</b>	<b>130,108,589</b>	<b>137,182,874</b>
<b>Total assets less current liabilities</b>	<b>184,777,745</b>	<b>173,581,396</b>
<b>Equity</b>		
Share capital	8,696,526	8,696,526
Other equity instruments	15,000,000	15,000,000
Capital reserves	40,249,268	40,233,165
Investment revaluation reserve of financial assets at fair value through other comprehensive income	178,666	(170,658)
General reserves	22,173,364	20,678,128
Retained profits	23,688,363	20,203,132
<b>Total equity</b>	<b>109,986,187</b>	<b>104,640,293</b>
<b>Non-current liabilities</b>		
Accrued staff costs	–	97,490
Deferred income	104,452	112,947
Lease liabilities	816,076	811,305
Bonds payables	73,871,030	67,919,361
<b>Total non-current liabilities</b>	<b>74,791,558</b>	<b>68,941,103</b>
<b>Total equity and non-current liabilities</b>	<b>184,777,745</b>	<b>173,581,396</b>



## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 67. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (continued)

The movements in the Company's reserves are set out as follows

#### Capital reserves

##### For the year ended December 31, 2023

	At the beginning of the year	Increase	Decrease	At the end of the year
Capital reserves	40,233,165	16,103	–	40,249,268

##### For the year ended December 31, 2022

	At the beginning of the year	Increase	Decrease	At the end of the year
Capital reserves	40,247,316	–	(14,151)	40,233,165

#### Investment revaluation reserve of financial assets at fair value through other comprehensive income

	As at December 31,	
	2023	2022
At the beginning of the year	(170,658)	196,857
<b>Debt instruments at FVTOCI</b>		
Net changes in fair value for the year	398,624	(355,358)
Reclassification to profit or loss	(86,931)	149,927
Income tax impact	(77,923)	51,358
<b>Expected credit losses of debt instruments at FVTOCI</b>		
Net changes in profit or loss for ECL reclassification adjustment	3,165	446
Income tax impact	(791)	(111)
<b>Equity instruments at FVTOCI</b>		
Net changes in fair value for the year	(127,140)	(294,284)
Transfer to retained profits	260,351	5,924
Income tax impact	(33,303)	72,090
<b>Share of other comprehensive income of associates</b>	13,272	2,493
<b>At the end of the year</b>	<b>178,666</b>	<b>(170,658)</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 67. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY (continued)

The movements in the Company's reserves are set out as follows (continued)

#### General reserves

##### For the year ended December 31, 2023

	At the beginning of the year	Addition	At the end of the year
Statutory reserve	5,236,148	–	5,236,148
General risk reserve	7,785,396	753,045	8,538,441
Transaction risk reserve	7,656,584	742,191	8,398,775
	<b>20,678,128</b>	<b>1,495,236</b>	<b>22,173,364</b>

##### For the year ended December 31, 2022

	At the beginning of the year	Addition	At the end of the year
Statutory reserve	5,236,148	–	5,236,148
General risk reserve	7,097,091	688,305	7,785,396
Transaction risk reserve	6,968,279	688,305	7,656,584
	<b>19,301,518</b>	<b>1,376,610</b>	<b>20,678,128</b>

#### Retained profits

The movements of retained profits of the Company are as follows:

	As at December 31,	
	2023	2022
At the beginning of the year	20,187,720	20,165,464
Effect of changes in accounting policy	15,412	17,162
At the beginning of the year (Restated)	20,203,132	20,182,626
Profit for the year (Restated)	7,421,915	6,881,298
Transfer from other comprehensive income	(260,351)	(5,924)
Appropriation to general reserve	(1,495,236)	(1,376,610)
Distribution to holders of other equity instruments	(572,240)	(782,134)
Dividends recognized as distribution	(1,608,857)	(4,696,124)
<b>At the end of the year</b>	<b>23,688,363</b>	<b>20,203,132</b>

## Notes to the Consolidated Financial Statements (Continued)

For The Year Ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

### 68. EVENTS AFTER THE REPORTING PERIOD

#### (1) Bond issue

On January 18, 2024, the Company issued the first tranche of the corporate bonds to professional investors, named as "24 China Merchants Securities G1", the aggregate principal amount of which is RMB3 billion, its duration is 3 years, and the interest rate is 2.74% per annum.

On February 23, 2024, the Company issued the first tranche of the short-term corporate bonds to professional investors. Type I is named as "24 China Merchants Securities S1", the aggregate principal amount of which is RMB2 billion, its duration is 105 days, and the interest rate is 2.23% per annum. Type II is not issued.

On March 19, 2024, the Company issued the second tranche of the short-term corporate bonds to professional investors. Type I is named as "24 China Merchants Securities S3", the aggregate principal amount of which is RMB5.7 billion, its duration is 80 days, and the interest rate is 2.22% per annum. Type II is named as "24 China Merchants Securities S4", the aggregate principal amount of which is RMB2 billion, its duration is 141 days, and the interest rate is 2.25% per annum.

On March 20, 2024, the Company issued the first tranche of publicly offered subordinated bonds to professional investors with two bond types named as "24 China Merchants Securities C1" and "24 China Merchants Securities C2". The aggregate principal amount of "24 China Merchants Securities C1" is RMB0.9 billion, its duration is 3 years and the interest rate is 2.64% per annum. The aggregate principal amount of "24 China Merchants Securities C2" is RMB1.7 billion, its duration is 5 years and the interest rate is 2.77% per annum.

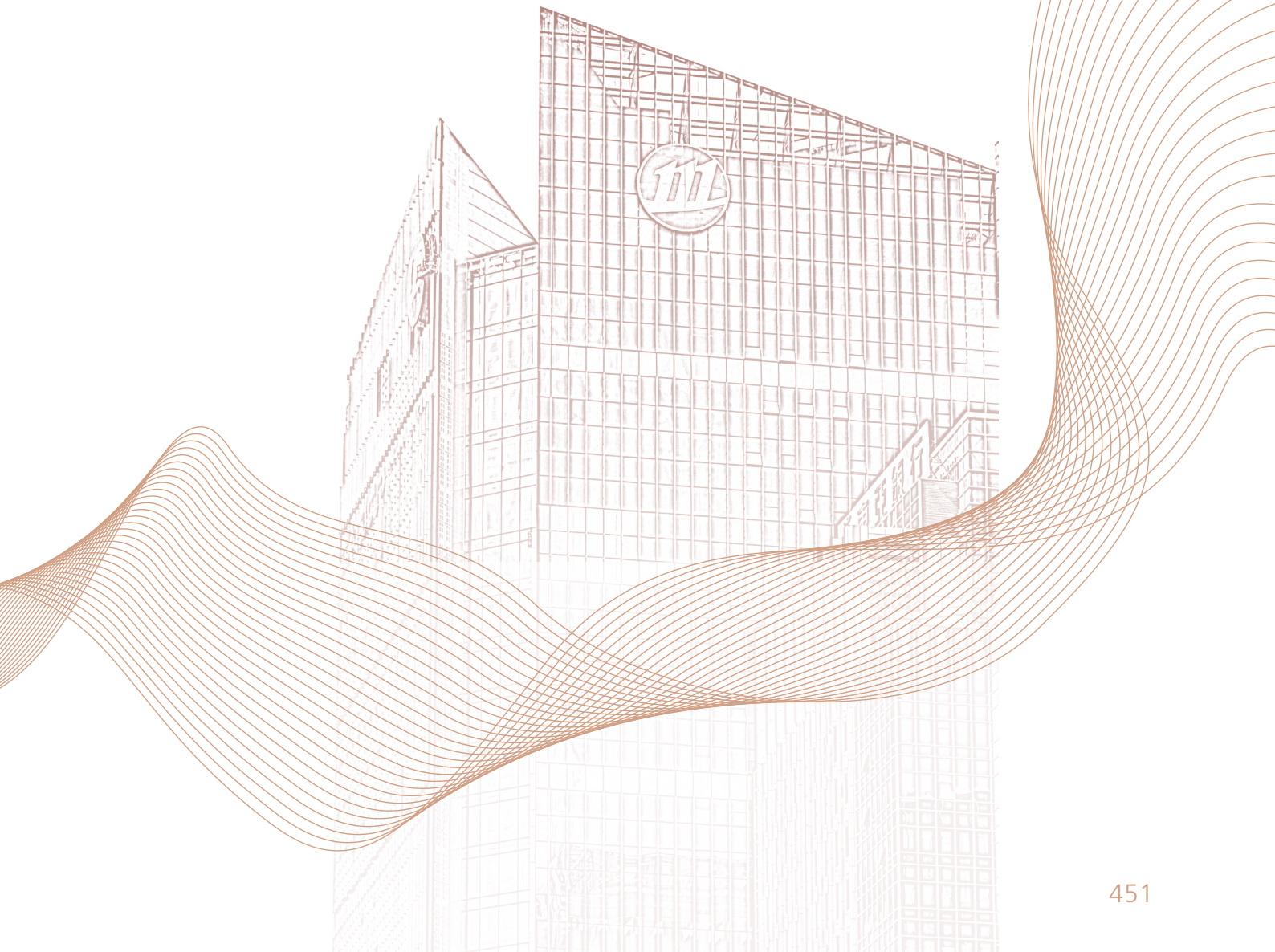
On March 28, 2024, the Company issued the third tranche of the short-term corporate bonds to professional investors. Type I is named as "24 China Merchants Securities S5", the aggregate principal amount of which is RMB2 billion, its duration is 98 days, and the interest rate is 2.23% per annum. Type II is named as "24 China Merchants Securities S6", the aggregate principal amount of which is RMB2 billion, its duration is 162 days, and the interest rate is 2.21% per annum.

#### (2) Profit distribution

In accordance with the 2023 profit distribution plan approved in the third meeting by the eight session of the board of directors on March 28, 2024, the Company proposed cash dividends of RMB2.52 per 10 shares (inclusive of tax) to shareholders based on 8,696,526,806 shares of total capital. The proposed profit distribution plan is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. And the resolution on the Authorization for 2024 Interim Profit Distribution was considered and approved at the meeting, which proposed to the shareholders' general meeting to authorize the Board to make decisions on the 2024 Interim Profit Distribution Plan of the Company with the amount of not exceeding RMB880 million.

# 10

## Information Disclosure of a Securities Company



# Chapter 10: Information Disclosure of a Securities Company

## I. Relevant Information on the Major Administrative Approvals of the Company

No.	Issuing authority	Title	Document No.	Date of announcement
1	CSRC	Approval for the Registration of Corporate Bonds Publicly Issued by China Merchants Securities Co., Ltd. to Professional Investors (關於同意招商證券股份有限公司向專業投資者公開發行公司債券註冊的批覆)	Zheng Jian Xu Ke [2023] No. 975 (證監許可[2023]975號)	April 25, 2023
2	CSRC	Approval for the Qualification of Publicly Offered Securities Investment Fund Management of China Merchants Securities Asset Management Co., Ltd. (關於核准招商證券資產管理有限公司公開募集證券投資基金管理業務資格的批覆)	Zheng Jian Xu Ke [2023] No. 1614 (證監許可[2023]1614號)	July 24, 2023
3	CSRC	Approval for the Registration of Subordinated Corporate Bonds Publicly Issued by China Merchants Securities Co., Ltd. to Professional Investors (關於同意招商證券股份有限公司向專業投資者公開發行次級公司債券註冊的批覆)	Zheng Jian Xu Ke [2023] No. 2143 (證監許可[2023]2143號)	September 13, 2023