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# 中信建投証券股份有限公司 CSC FINANCIAL CO., LTD.

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
(Stock Code: 6066)

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

The board of directors of CSC Financial Co., Ltd. (the “**Company**”) hereby announces the consolidated results of the Group for the year ended December 31, 2024. This announcement, containing the full text of the 2024 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 announcements of annual results. The printed version of the Company’s 2024 annual report will be available for viewing on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.csc108.com](http://www.csc108.com) by the end of April 2025.

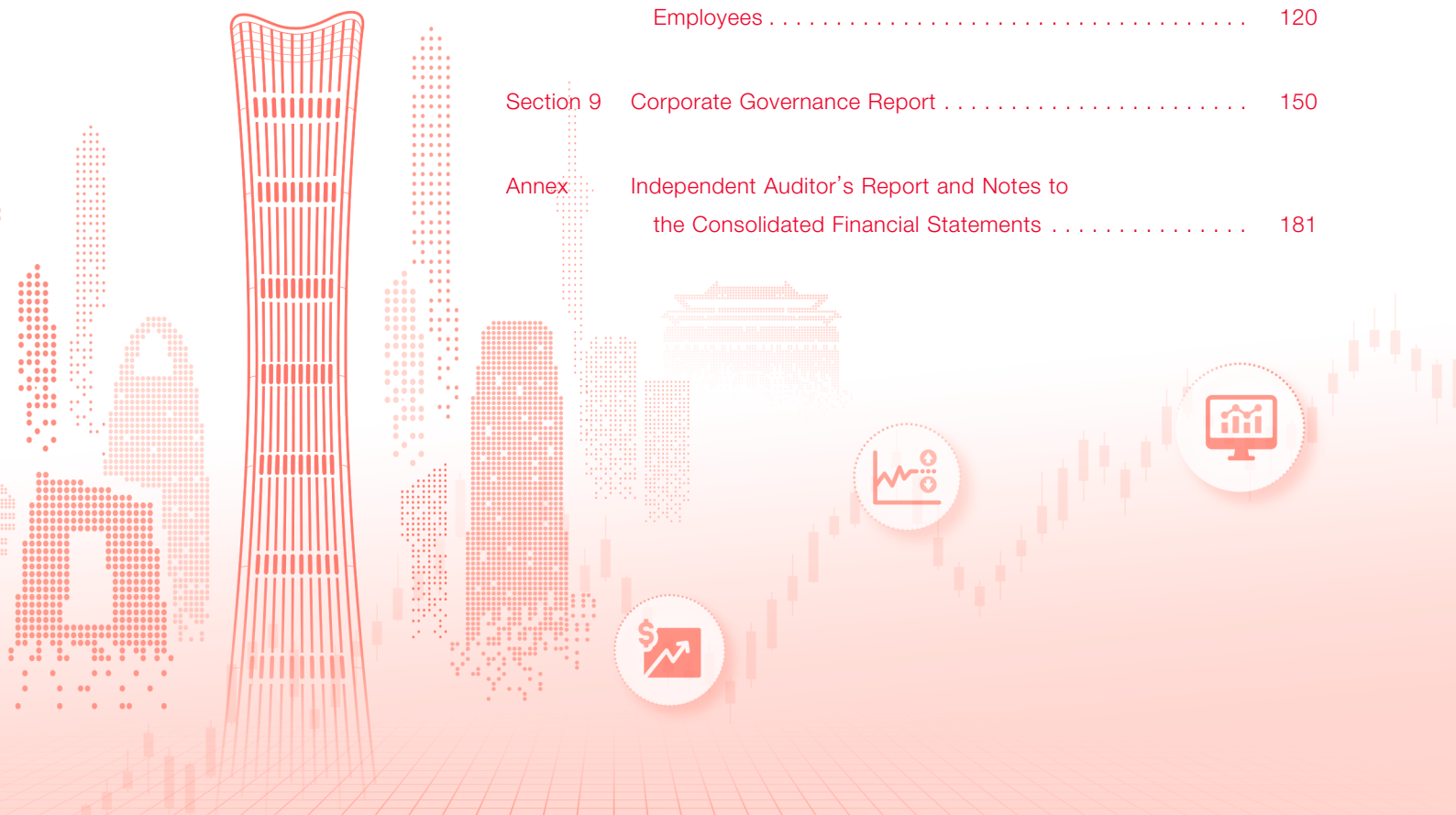
By order of the Board  
**CSC Financial Co., Ltd.**  
**Liu Cheng**  
*Chairman*

Beijing, the PRC  
March 27, 2025

*As at the date of this announcement, the Executive Directors of the Company are Mr. LIU Cheng and Mr. JIN Jianhua; the Non-executive Directors of the Company are Mr. LI Min, Mr. YAN Xiaolei, Mr. LIU Yanming, Mr. YANG Dong, Ms. HUA Shurui and Ms. WANG Hua; and the Independent Non-executive Directors of the Company are Mr. PO Wai Kwong, Mr. LAI Guanrong, Mr. ZHANG Zheng, Mr. WU Xi and Mr. ZHENG Wei.*

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# DEFINITIONS

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Unless the context otherwise requires, the following terms have the following meanings in this annual report:

“A Share(s)”	listed domestic shares in the share capital of our Company with a nominal value of RMB1.00 each, listed on the SSE and traded in RMB
“AMAC”	Asset Management Association of China (中國證券投資基金業協會)
“Articles of Association” or “Articles”	the articles of association of the Company
“Beijing CSRC”	Beijing Office of the China Securities Regulatory Commission
“Beijing Financial Holdings Group”	Beijing Financial Holdings Group Limited (北京金融控股集團有限公司)
“Board” or “Board of Directors”	the Board of Directors of our Company
“BSCOMC”	Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司)
“BSE”	Beijing Stock Exchange
“Central Huijin”	Central Huijin Investment Ltd. (中央匯金投資有限責任公司)
“China Capital”	China Capital Management Co., Ltd (中信建投資本管理有限公司)
“China Fund”	China Fund Management Co., Ltd. (中信建投基金管理有限公司)
“China Futures”	China Futures Co., Ltd. (中信建投期貨有限公司)
“China Securities International”	China Securities (International) Finance Holding Company Limited (中信建投(國際)金融控股有限公司)
“China Securities Investment”	China Securities Investment Co., Ltd (中信建投投資有限公司)
“CIC”	China Investment Corporation (中國投資有限責任公司)
“CITIC Group”	CITIC Group Corporation (中國中信集團有限公司)
“CITIC Financial Holdings”	CITIC Financial Holdings Co., Ltd. (中國中信金融控股有限公司)
“CITIC Limited”	CITIC Limited (中國中信股份有限公司)
“CITIC Securities”	CITIC Securities Co., Ltd. (中信證券股份有限公司)
“Company Law”	Company Law of the People’s Republic of China
“connected transaction”	has the same meaning ascribed to it under the Hong Kong Listing Rules
“CSC”, “Company”, “our Company” or “parent company”	CSC Financial Co., Ltd. (中信建投證券股份有限公司)

## DEFINITIONS

“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“ESG”	a collective term of Environment, Society and Governance
“FICC”	Fixed-income securities, currencies and commodities
“Five Major Areas” in Finance	technology finance, green finance, inclusive finance, pension finance and digital finance
“Glasslake Holdings”	Glasslake Holdings Limited (鏡湖控股有限公司)
“Group”	CSC Financial Co., Ltd. and its subsidiaries
“Guangdong CSRC”	Guangdong Office of China Securities Regulatory Commission
“H Share(s)”	overseas listed foreign shares in the share capital of our Company with a nominal value of RMB1.00 each, listed on the Hong Kong Stock Exchange and traded in HKD
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“HKEX”	Hong Kong Exchanges and Clearing Limited
“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)
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IPO”	Initial Public Offering
“Jiangsu CSRC”	Jiangsu Office of the China Securities Regulatory Commission
“Ministry of Finance”	Ministry of Finance of the People’s Republic of China
“NEEQ”	the National Equities Exchange and Quotations
“NEEQ Co. Ltd.”	National Equities Exchange and Quotations Corporation Limited (全國中小企業股份轉讓系統有限責任公司)
new “Nine Guidelines of the State Council”	Several Opinions on Strengthening Regulation, Forestalling Risks and Promoting the High Quality Development of the Capital Market 《關於加強監管防範風險推動資本市場高質量發展的若干意見》
“PRC” or “China”	the People’s Republic of China

## DEFINITIONS

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“QFI”	Qualified Foreign Investor
“related party/connected transaction”	related party transaction(s) and connected transaction(s)
“related party transaction(s)”	has the same meaning ascribed to it under the SSE Listing Rules
“Reporting Period” or “2024”	the period from January 1, 2024 to December 31, 2024
“Date of Disclosure of the Report”/“Date of Disclosure”	March 27, 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Securities Law”	Securities Law of the People’s Republic of China 《中華人民共和國證券法》
“Shandong CSRC”	Shandong Office of the China Securities Regulatory Commission
“Six M&A Guidelines”	Opinion on Deepening the Market Reform for the Mergers, Acquisitions and Restructuring of Listed Companies 《關於深化上市公司併購重組市場改革的意見》
“Shanghai and Shenzhen Stock Exchanges”	Shanghai Stock Exchange and Shenzhen Stock Exchange
“Shanghai Clearing House”	Clearing House Financial Market Co., Ltd.
“Share(s)”	ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“SSE”	Shanghai Stock Exchange
“SSE Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (as amended from time to time)
“State-owned Assets Supervision and Administration Commission of Beijing”	the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會)
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“SZSE”	Shenzhen Stock Exchange
“the end of the Reporting Period” or “the end of 2024”	December 31, 2024
“US\$” or “USD”	United States dollars, the lawful currency of the United States of America
“WFOE”	Wholly Foreign Owned Enterprise(s)
“Wind Info”	Wind Information Co., Ltd. (萬得信息技術股份有限公司)

# CHAIRMAN'S STATEMENT

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Dear Shareholders,

In 2024, facing a complex internal and external environment and guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, CSC adhered to the leadership of Party building and converged the driving forces. The Company innovated Party building work with a spirit of reform, improved the system for full and rigorous Party governance with strict standards, and promoted the deep integration of Party work with business management. We calmly responded to market fluctuations, and accelerated the building of a first-class investment bank, thereby driving the Company to continuously maintain its high-quality development in a complex environment. The Company achieved total revenue and other income of RMB32.216 billion in 2024, with a net profit attributable to equity holders of the Company of RMB7.223 billion. As of the end of 2024, the total assets of the Company amounted to RMB566.418 billion, and its net assets attributable to equity holders of the Company amounted to RMB106.469 billion. The return on weighted average equity reached 8.24%. In addition to its commitment to improving business fundamentals, the Company strived to enhance shareholder returns and focused on market value management. It started its first interim dividend distribution in 2024, achieving multiple dividend distributions in one year.

Last year, we adhered to the general requirements of ensuring that finance serves the real economy, accelerated the innovative development of various businesses, focused on advancing the “Five Major Areas” in Finance, and contributed to the stabilization and improvement of the real economy.

**We specialized in technology finance and strengthened financial services for the entire life cycle of technology companies.** Many indicators in technology finance ranked among the top two in industry and the number of IPO projects of national-level specialized, refined, differential and innovative enterprises and IPO projects for strategic emerging enterprises sponsored by the Company both ranked first in the industry. The number and lead underwriting amount of science and technology innovation bonds ranked second in the industry, and the amount of equity investment into technology enterprises exceeded RMB2.4 billion.

**We refined green finance and assisted the green transformation of enterprises.** The Company achieved multiple “first of its kind” breakthroughs in green finance, leading the underwriting of 107 green bonds, with an lead underwriting amount of RMB57.343 billion. It completed the first privately-owned onshore wind power public REITs project, and assisted Huaneng Renewables in completing the largest private equity financing project in the new energy industry for the year, amounting to RMB15.0 billion; continued to expand our presence in the carbon finance business, launching the first batch of carbon quota repurchase transactions in the Shanghai carbon market and the first batch of carbon borrowing transactions in the Hubei carbon market, and completing return swap transactions linked to the CFETS interbank high-grade green bond index.

**We solidified inclusive finance to enhance the effectiveness of the capital market in serving inclusive finance.** The Company actively explored the Inclusive Finance Digital Intelligence Center model, taking one of the industry's earliest substantive steps in implementing inclusive finance practices among securities firms. China Futures extended its services to support farmers' business operations, promoting the role of “insurance + futures” and OTC options in risk management and service protection in the field of contract farming.



## CHAIRMAN'S STATEMENT

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**We deepened pension finance to meet clients' diversified pension financial needs.** Leveraging our distribution agent advantages, the Company launched 283 publicly offered pension fund products, achieving a market product coverage rate of 80%. Utilizing our asset management strengths as a securities firm, we independently developed and rolled out a series of pension service-related products, which have reached a scale of RMB4.2 billion since launch. Capitalizing on our research expertise, the Company has provided over 3,300 roadshow services and conducted more than 460 thematic discussions and research sessions for the National Social Security Fund and insurance-affiliated pension companies.

**We enhanced digital finance, achieving significant results in further empowering business operations with "AI +".** We promoted the application of AI large models, big data, and other digital technologies in business operations to improve the efficiency of digital services.

In the past year, all the businesses of the Company developed steadily. The investment banking business continued to rank among the top tier in the market. The Company actively conducted investment banking business with a focus on major national strategies. It ranked No. 1 and No. 3 in the number of IPO projects and total lead underwriting amount, respectively; ranked No. 2 and No. 3 in the number of equity lead underwriting projects and lead underwriting amount, respectively; and ranked No. 1 in both the number of IPOs and lead underwriting amount on the Beijing Stock Exchange. It also ranked No. 1 in both the number of convertible bond lead underwriting projects and lead underwriting amount in the industry. The Company places high importance on its international business and has continued to advance its domestic-overseas integrated development. It ranked No. 4 among Chinese securities firms in terms of IPO issuance scale on the Hong Kong Stock Exchange and No. 5 in terms of the number of sponsored projects. As a joint sponsor, the Company successfully assisted Horizon Robotics, a leading enterprise in the intelligent driving industry, in its IPO on the Hong Kong Stock Exchange, raising HK\$6.087 billion, which is the largest Hong Kong IPO project by a Chinese technology company in the past two years. The Company also ranked No. 3 among Chinese securities firms in both the number and total underwriting amount of overseas bond issuances. The brokerage and wealth management business made progress while maintaining stability. Adhering to a client-centric philosophy, the Company is committed to building a comprehensive service platform and business ecosystem for a wide range of businesses. The number of newly developed clients in the securities brokerage business increased by over 60% year-on-year, with the number of high-net-worth clients reaching its highest level in the past five years. The stock and fund investment and consultation service business developed steadily. The operational efficiency and quality of the institutional business continued to improve, with its scale and market competitiveness steadily increasing. Its mutual fund custody quantity ranked No. 2 in the industry. In terms of fixed income business, we have further enhanced its business system development and successfully launched cross-border Wealth Management Connect "U.S. Bond Connect (美債通)" transactions and the H-share "Full Circulation" foreign exchange settlement and sales business for clients. The Company ranked No. 2 in the industry in terms of bond sales scale, and was named "Northbound Top Market Maker" by Bond Connect Company Limited for three consecutive years. The structure of the asset management business continued to be optimized to establish a diverse product strategy library for different types of customers. Therefore, the layout of product lines with differentiated and distinctive features is becoming increasingly rich. The active management capability has been continuously enhanced. The five subsidiaries further refined their specialized expertise and deepened business synergies, with their contributions increasing year by year. China Securities International actively capitalized on the Company's cross-border integration opportunities, balancing both "going global" and "bringing in", strategically endeavoring to "bring overseas business into China". China Futures' revenue and profit continued to rank among the top in the industry. It focused on leveraging the functions of the futures market, achieving new progress in serving the real economy and regional development. China Capital ranked No. 3 among private equity subsidiaries of securities firms in terms of newly added filing scale, and participated in the completion of an S fund (private equity secondary market fund) transaction for the first time. China Fund ranked among the top 20% and even the top 10% in the market in terms of the yield of multiple products. China Securities Investment continued to optimize its investment layout and strategy, focusing on strategic emerging industries and fully supporting the development of new quality productive forces.

## CHAIRMAN'S STATEMENT

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Looking back on the extraordinary year of 2024, we actively faced many new conditions, new missions and new challenges, while making many new progress, new achievements and new breakthroughs in various tasks. Since the establishment of CSC, we have kept forging ahead and developing, receiving full recognition from customers for our business capabilities, and enjoying high recognition and broad influence in the industry. On behalf of the Board of Directors and the executive management of the Company, I would like to express my heartfelt gratitude to all shareholders for their trust and support, to all sectors of society for their care and assistance, and to all CSC employees for their commitments and contributions.

2025 marks the final year of the “14th Five-Year Plan”, a crucial step for China toward socialist modernization. It is also the time for strategic planning and initiation of the “15th Five-Year Plan”, as well as a critical period for China to achieve results in building a “financial powerhouse” and “construction of first-class investment banks and investment institutions”. The time has come for us to ride the strong wind and brave the waves, and it won't wait. In 2025, we will also celebrate the 20th anniversary of the Company. Looking ahead, we will cherish our hard-won achievements while remaining keenly aware of the long journey ahead. Standing at the new historical juncture of building a first-class investment bank in an all-round way and at the new starting point of the Company's high-quality development, we will stay true to our core business while persisting in innovation, enhance and strengthen the “Financial Core”, accelerate and improve the quality of the internationalization strategy, and further consolidate the foundation of the high-quality development of first-class investment banks, thereby fully propelling CSC, this great ship, to ride the wind, brave the waves, navigate steadily, and sail far, writing a new chapter for the Company's high-quality development!

*Chairman*  
**LIU Cheng**  
March 27, 2025



## SECTION 1 IMPORTANT NOTICE

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- I. **The Board of Directors, the Supervisory Committee of the Company, the Directors, the Supervisors and the senior management warrant the truthfulness, accuracy and completeness of this annual report and that there is no misrepresentation on, misleading statement in, or material omission from this annual report, and will assume joint and several liabilities.**
- II. **This report was considered and approved at the 13th meeting of the third session of the Board of Directors of the Company. All the Directors of the Company attended the board meeting, and no Director raised any objection to this report.**
- III. **KPMG Huazhen LLP and KPMG issued the auditor's reports with standard unqualified audit opinion, respectively.**
- IV. **LIU Cheng (Chairman of the Company), JIN Jianhua (the Chief Financial Officer (Acting) of the Company) and ZHAO Ming (head of the accounting department (chief accountant)) warrant that the financial statements set out in this annual report are true, accurate and complete.**
- V. **The plan for profit distribution or capital reserve capitalization for the Reporting Period has been resolved and approved by the Board of Directors**

On November 5, 2024, the 2024 interim dividend distribution plan (namely, cash dividends of RMB0.90 (tax inclusive) for every 10 Shares) was considered and approved at the 2024 third extraordinary general meeting of the Company. The plan was completed on December 27, 2024.

The 2024 final profit distribution plan of the Company is as follows: the Company plans to distribute in the form of cash dividends, on the basis of 7,756,694,797 Shares in the total share capital as at December 31, 2024, RMB1.65 (tax inclusive) for every 10 Shares to all the Shareholders. The proposal still needs to be submitted at the Shareholders' general meeting of the Company for consideration and approval.

### **VI. Risk statement for forward-looking statements**

Forward-looking statements, including future plans and development strategies, contained in this report do not constitute a substantive commitment of the Company to its investors. Investors should be aware of investment risks.

- VII. **There was no appropriation of funds of the Company by controlling shareholder(s) and other related parties for non-operating purposes.**
- VIII. **There was no guarantee of the Company provided to the external parties which violated the stipulated decision-making procedures.**
- IX. **There was no instance of the Company where more than half of the directors were unable to guarantee the truthfulness, accuracy and completeness of the annual report disclosed by the Company.**

### **X. Material risk warning**

The major risks to which the Company may be exposed include market risk, credit risk, liquidity risk and compliance risk. Specifically, there are market risks brought by fluctuations in stock, bond, commodity and foreign exchange markets to the investment portfolio of the Company; credit risks brought by insufficient repayment capability of financiers in the financing business and counterparties in the OTC derivatives business or abnormal decline in the price of securities used as security (pledge or margin) to the Company, and credit risks brought by default or declined credibility of the bond issuer to the bond and investment portfolio of the Company; liquidity risks brought by improper asset-liability allocation, tight liquidity or soaring funding prices at a specific time point, or erroneous financing operation in the general context of the expected reasonable and sufficient capital supply; and compliance risks brought by deficiencies in internal control, violations of regulatory requirement, etc. to the Company. In addition, the Company may be exposed to other risks, such as strategic risk, operational risk, legal risk, technical risk and reputational risk. The combined effect of the abovementioned risks will pose certain challenge to the operation of the Company.

The Company has described the relevant potential risks in this report in detail. Please refer to the contents of “Potential Risks” and “Risk Management” in Section 4 “Management Discussion and Analysis” of this report.

### **XI. Others**

This annual report of the Company has been prepared in both English and Chinese. In the event of any discrepancies in interpretation between the English version and Chinese version of this annual report, the Chinese version shall prevail.

In this annual report, the amounts are denominated mainly in RMB or Hong Kong dollars. Unless it is specifically indicated, the amounts are denominated in RMB; any discrepancies between totals and sums of amounts are due to rounding.

## SECTION 2 COMPANY INFORMATION

### I. PROFILE

Name in Chinese	中信建投证券股份有限公司
Abbreviation in Chinese	中信建投証券
Name in English	China Securities Co., Ltd. CSC Financial Co., Ltd. (carrying on business in Hong Kong with such registered English name)
Abbreviation in English	CSC
Legal Representative	LIU Cheng
General Manager	JIN Jianhua
Authorized Representative	LIU Cheng, JIN Jianhua
Alternate Authorized Representative	LIU Naisheng
Joint Company Secretaries	LIU Naisheng, WONG Wai Ling

#### Registered Capital and Net Capital of the Company

Unit: RMB

	As at the end of the Reporting Period (December 31, 2024)	As at the end of the previous year (December 31, 2023)
Registered Capital	7,756,694,797.00	7,756,694,797.00
Net Capital	74,674,773,535.87	66,859,253,199.55

#### Qualifications for Each Individual Business of the Company

The business scope of the Company mainly includes: securities brokerage; securities investment consultation; financial advisory relating to securities trading and securities investment activities; securities underwriting and sponsoring; proprietary securities trading; securities asset management; agency sale of securities investment funds; provision of intermediary business to futures companies; margin financing and securities lending business; agency sale business of financial products; stock options market making business; custodian business for securities investment fund; sale of precious metal products; and market making and trading business of listed securities.

## SECTION 2 COMPANY INFORMATION

In addition, the Company possesses the qualifications for the following major individual business:

### **Qualifications for Business Approved by or Filed with CSRC and Local Office of CSRC**

Qualification for direct investment, Stock Index Futures Trading License for Securities Companies, Collateralized Bond Repo Business Qualification, Qualification for Proprietary Interest Rate Swap Trading, qualification of contractual repurchase securities transaction business, Proprietary Trading License for Treasury Futures, Credit Risk Mitigation (CRM) Instruments Underwriting Qualification, qualification of agency business for precious metal spot contracts and proprietary business for spot gold contracts, qualification for qualified domestic institutional investor to conduct overseas securities investment and management business, Primary Market Maker for OTC Options, pilot qualification of cross-border business, Credit Derivatives Trading Qualification, qualification of market making business for stock index options, pilot qualification of fund investment advisory business, qualification of pilot business for optimizing account management function of securities companies, Treasury Futures Market-Making License, qualification for market making and trading business of listed securities, qualification for proprietary participation in carbon emissions trading business, Wealth Management Connect (WMC) Scheme Participation Qualification

### **Qualifications for Business Approved by The People's Bank of China**

Interbank lending Membership

### **Qualifications for Business Approved by or Filed with State Administration of Foreign Exchange**

Securities Business and Foreign Exchange Operating License, FX Settlement and Sale Business License, Client-based FX Trading Authorization

### **Qualifications for Business Approved by or Filed with Securities Association of China**

OTC Trading Membership, Financial Derivatives License: IRS/CDS & OTC Options Market Maker, Internet Securities Business Pilot

### **Qualifications for Business Filed with Asset Management Association of China**

Private fund business outsourcing service

## SECTION 2 COMPANY INFORMATION

### Qualifications for Business Approved by or Filed with Stock Exchanges/Trading Centers

Primary dealer of Integrated Electronic Platform of Fixed-income Securities of SSE, qualification of southbound trading business under the Shanghai-Hong Kong Stock Connect, participant for stock options trading of SSE, lead market maker of the listed fund on SSE, core dealer of credit protection contract on SSE, Issuing institution of credit protection certificate on SSE, lead market maker for SSE 50ETF options, lead market maker of CSI 300ETF Options, qualification of collateralized stock repurchase transaction business on the SSE and the SZSE, qualification of business for financing by exercising equity incentive of listed companies on the SZSE, qualification of southbound trading business under the Shenzhen-Hong Kong Stock Connect, core dealer of credit protection contract on SZSE, qualification of stock options business on SZSE, qualification of member of Shanghai Gold Exchange, qualification for inter-bank gold inquiry business from the Shanghai Gold Exchange, International Member of Shanghai Gold Exchange, Special Membership of Shanghai Gold Exchange, participant of the Chinese commercial paper trading system, qualification for market making of CSI 300 Index Options of China Financial Futures Exchange, lead market maker for Treasury bond futures on China Financial Futures Exchange, qualification of member of Shanghai Insurance Exchange, qualification of member of Shanghai Environment and Energy Exchange, qualification of trading business in the National Inter-bank Bond Market, foreign currency lending membership of China Foreign Exchange Trade System, "Northbound" quotation agency, member of the inter-bank foreign exchange market, member of inter-bank foreign currency market, member of the interest rate option market, interest rate option quotation agency, cash bond market maker in Inter-bank Bond Market, CFETS-SHCH-GTJA High-grade CDS index quotation institution, qualification of intermediary service institution of Beijing Equity Trading Center, qualification of institutional member of Guangzhou Carbon Emission Trading Cent, member of carbon financial services at Hubei Carbon Emission Exchange

### Qualifications for Business Filed with National Equities Exchange and Quotations

Chief securities firm of National Equities Exchange and Quotations, qualification of market making business of National Equities Exchange and Quotations

### Qualifications for Business Approved by or Filed with Shanghai Clearing House

Clearing Member of Shanghai Clearing House, qualification for participating in the bond transaction net clearing business, qualification for participating in the forward centralized clearing business for standard bonds, Class A General Clearing Member, qualification for participating in the proprietary clearing business from central counterparties in shipping and commodity financial derivatives, qualification for participating in the business of central clearing for credit default swap

### Qualifications for Business Approved by or Filed with National Association of Financial Market Institutional Investors

Lead underwriter of debt financing instruments of non-financial enterprises, issuing institution of CRMW, qualification for participating in the mutual swap and central clearing business of Renminbi interest rates, core dealer of CRM instruments, issuing institution of credit-linked notes, trustee for debt financing instruments of non-financial enterprises, qualification for independently conducting the lead underwriting business of debt financing instruments of non-financial enterprises

### Qualifications for Business Approved by China Securities Finance Corporation Limited

Qualification of refinancing business, qualification of business for the transfer to margin securities on STAR Market

## SECTION 2 COMPANY INFORMATION

### Other Business Qualifications

Class B clearing participant of the China Securities Depository and Clearing Corporation Limited, qualification of investor securities registration business agency, qualification of H-share full circulation business, issuing institution for the qualification of collateralized repurchase business of credit protected bonds, qualification of securities account opening agency; clearing member of the China Central Depository & Clearing Co., Ltd., participant of quotation and service system for inter-institutional private equity products of China Securities Capital Market Development Monitoring Center; China Bond valuation partner of ChinaBond Pricing Center Co., Ltd., member of Renminbi financial bond underwriting and market-marking syndicates of China Development Bank; member of book-entry treasury bond underwriting syndicates of the Ministry of Finance

## II. CONTACT PERSONS AND DETAILS

	Secretary to the Board and the Company Secretary	Representative for Securities Affairs
Name	LIU Naisheng	DU Ningning
Address	No. 10 Guanghua Road, Chaoyang District, Beijing	No. 10 Guanghua Road, Chaoyang District, Beijing
Telephone	010-56052830	010-56052830
Facsimile	010-56118200	010-56118200
Email	601066@csc.com.cn	601066@csc.com.cn

## III. BASIC INFORMATION

Registered Address	Unit 4, No. 66 Anli Road, Chaoyang District, Beijing
Postal Code of Registered Address	100101
Principal Office Address	No. 10 Guanghua Road, Chaoyang District, Beijing
Postal Code of Principal Office Address	100020
Place of Business in Hong Kong	18/F, Two Exchange Square, Central, Hong Kong
Website	www.csc108.com
Email	601066@csc.com.cn
National Customer Service Hotline	95587/4008888108
Investor Contact Hotline	010-56052830
Facsimile Telephone	010-56118200
United Social Credibility Code	91110000781703453H

## IV. INFORMATION DISCLOSURE AND AVAILABILITY PLACES

Media and website for annual report disclosure designated by the Company	China Securities Journal (www.cs.com.cn) Shanghai Securities News (www.cnstock.com) Securities Times (www.stcn.com) Securities Daily (www.zqrb.cn)
Websites of the stock exchanges on which annual reports of the Company are disclosed	Website of SSE (www.sse.com.cn) HKExnews website of HKEX (www.hkexnews.hk)
Places where annual reports of the Company are available	No. 10 Guanghua Road, Chaoyang District, Beijing Unit 4, No. 66 Anli Road, Chaoyang District, Beijing 18/F, Two Exchange Square, Central, Hong Kong



## SECTION 2 COMPANY INFORMATION

### V. BRIEF INFORMATION OF THE SHARES OF THE COMPANY

Class of Shares	Stock Exchange of Listing	Stock Name	Stock Code
A Shares	SSE	CSC	601066
H Shares	Hong Kong Stock Exchange	CSC	6066

### VI. OTHER INFORMATION OF THE COMPANY

#### (I) History of the Company

##### 1. Establishment of Company

China Securities Finance Limited (中信建投証券有限責任公司) (hereinafter referred to as CSF Limited), the Company's predecessor, was jointly invested in and established by CITIC Securities and China Jianyin Investment Limited (中國建銀投資有限責任公司) (hereinafter referred to as China Jianyin) in 2005 pursuant to the Approval for Commencing Operation of China Securities Finance Limited (Zheng Jian Ji Gou Zi [2005] No. 112) 《關於同意中信建投証券有限責任公司開業的批覆》(證監機構字[2005]112號)) issued by the CSRC. On November 2, 2005, CSF Limited obtained the business license of corporate legal representative issued by the Administration for Industry and Commerce. The registered address is Unit 4, No. 66 Anli Road, Chaoyang District, Beijing, with a registered capital of RMB2,700,000,000, of which CITIC Securities and China Jianyin made cash contribution of RMB1,620,000,000 and RMB1,080,000,000, accounting for the proportion of 60% and 40%, respectively. CSF Limited's operation is conducted based on the acquisition of securities business and related assets originally owned by Huaxia Securities Co., Ltd. and in accordance with the standards of a comprehensive securities company.

##### 2. Change of Shareholding in 2010

#### (1) *Beijing State-owned Capital Operation and Management Center Becomes a Shareholder*

On November 9, 2010, the CSRC issued the Approval for the Change of Shareholders Holding More Than 5% Equity Interests by China Securities Finance Limited (Zheng Jian Xu Ke [2010] No. 1588) 《關於核准中信建投証券有限責任公司變更持有5%以上股權的股東的批覆》(證監許可[2010]1588號)) to approve the eligibility of Beijing State-owned Capital Operation and Management Center (changed its name to Beijing State-owned Capital Operation and Management Company Limited in July 2021, hereinafter collectively referred to as the BSCOMC) as a Shareholder holding more than 5% equity interests of CSF Limited, with no objection to the lawful transfer of RMB1,215,000,000 equity interests of CSF Limited (representing 45% of the total capital contribution) originally held by CITIC Securities to BSCOMC. On November 15, 2010, CSF Limited completed the change of registration in relation to the change in shareholding with the Administration for Industry and Commerce.

## SECTION 2 COMPANY INFORMATION

### **(2) Central Huijin Investment Ltd. Becomes a Shareholder**

Pursuant to the Approval of the Ministry of Finance for Asset Transfer by China Jianyin Investment Limited to Central Huijin Investment Ltd. (Cai Jin Han [2009] No. 77) 《財政部關於中國建銀投資有限責任公司向中央匯金投資有限責任公司劃轉資產的批覆》(財金函[2009]77號)), China Jianyin, a Shareholder of CSF Limited originally holding 40% equity interests, transferred its equity interests in CSF Limited to Central Huijin at nil consideration. On November 18, 2010, the CSRC issued the Approval for the Change of Shareholders Holding More Than 5% Equity Interests by China Securities Finance Limited (Zheng Jian Xu Ke [2010] No. 1659) 《關於核准中信建投證券有限責任公司變更持有5%以上股權的股東的批覆》(證監許可[2010]1659號)) to approve the eligibility of Central Huijin as a Shareholder holding more than 5% equity interests of CSF Limited, with no objection to the lawful transfer of RMB1,080,000,000 equity interests of CSF Limited (representing 40% of the total capital contribution) to Central Huijin. On December 16, 2010, CSF Limited completed the change of registration in relation to the change in shareholding with the Administration for Industry and Commerce.

### **(3) Century Jinyuan Investment Group Limited Becomes a Shareholder**

On November 23, 2010, the CSRC issued the Approval for the Change of Shareholders Holding More Than 5% Equity Interests by China Securities Finance Limited (Zheng Jian Xu Ke [2010] No. 1693) 《關於核准中信建投證券有限責任公司變更持有5%以上股權的股東的批覆》(證監許可[2010]1693號)) to approve the eligibility of Century Jinyuan Investment Group Limited (世紀金源投資集團有限公司) (“Century Jinyuan”) as a Shareholder holding more than 5% equity interests of CSF Limited, with no objection to the lawful transfer of RMB216,000,000 equity interests of CSF Limited (representing 8% of the total capital contribution) originally held by CITIC Securities to Century Jinyuan. On December 16, 2010, CSF Limited completed the change of registration in relation to the change in shareholding with the Administration for Industry and Commerce.

## **3. Conversion into a Joint Stock Limited Company in 2011**

On June 30, 2011, the CSRC issued the Approval for the Conversion of China Securities Finance Limited into a Joint Stock Limited Company (Zheng Jian Xu Ke [2011] No. 1037) 《關於核准中信建投證券有限責任公司變更為股份有限公司的批覆》(證監許可[2011]1037號)) to approve the conversion of CSF Limited into a joint stock limited company. Upon completion of the conversion, the Company was renamed CSC Financial Co., Ltd. with a registered capital of RMB6,100,000,000. On September 28, 2011, the Company completed the change of registration in relation to the conversion into a joint stock limited company with the necessary approvals from relevant authorities in China.

## SECTION 2 COMPANY INFORMATION

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### 4. Change of Shareholding in 2016

#### **(1) Xizang Shannan Century Jinyuan Investment Management Limited Becomes a Shareholder**

On March 8, 2016, Century Jinyuan entered into a Share Transfer Agreement with Xizang Shannan Century Jinyuan Investment Management Limited (“Shannan Jinyuan”, later changed its name to Xizang Tengyun Investment Management Limited), pursuant to which Century Jinyuan shall transfer 300,000,000 shares of the Company it held to Shannan Jinyuan, representing 4.92% of the total share capital of the Company. The above transfer was completed in July 2016.

#### **(2) Shanghai Shangyan Investment Center (Limited Partnership) Becomes a Shareholder**

On August 22, 2016, Century Jinyuan entered into a Share Transfer Contract with Shanghai Shangyan Investment Center (Limited Partnership) (上海商言投資中心(有限合夥)) (“Shanghai Shangyan”), pursuant to which Century Jinyuan shall transfer 150,624,815 shares of the Company it held to Shanghai Shangyan, representing 2.47% of the total share capital of the Company. The above transfer was completed in September 2016.

### 5. IPO of H Shares in 2016

On November 3, 2016, the CSRC issued the Approval for Issuance of Overseas Listed Foreign Shares by CSC Financial Co., Ltd. (Zheng Jian Xu Ke [2016] No. 2529) 《關於核准中信建投證券股份有限公司發行境外上市外資股的批覆》(證監許可[2016]2529號)), which approved the overseas IPO of the Company of no more than 1,237,940,000 overseas listed foreign shares, with a par value of RMB1 per share, all of which were ordinary shares.

On December 9, 2016, the Company was listed and traded on the Main Board of the Hong Kong Stock Exchange, with an IPO of 1,130,293,500 H Shares (including 1,076,470,000 new shares) (stock code: 6066.HK). On December 30, 2016, the Company exercised the over-allotment option partially and issued 73,411,000 additional H Shares (including 69,915,238 new shares) totaling 1,203,704,500 H Shares issued (including 1,146,385,238 new shares) at an issue price of HKD6.81 per share.

According to the Approval for the Issues Concerning the Transfer of State-owned Shares Held by CSC Financial Co., Ltd. (Guo Zi Chan Quan [2016] No. 967) 《關於中信建投證券股份有限公司國有股轉持有關問題的批覆》(國資產權[2016]967號)) issued by the State-owned Assets Supervision and Administration Commission of the State Council, and the Letter on the Issues Concerning the Reduction and Transfer of Hong Kong-listed, State-owned Shares Held by CSC Financial Co., Ltd. (She Bao Ji Jin Fa [2016] No. 152) 《關於中信建投證券股份有限公司香港上市國有股減轉持問題的函》(社保基金發[2016]152號)) issued by the National Council for Social Security Fund of the PRC (“NSSF”), state-owned Shareholders of the Company performed their obligations of state-owned share reduction and have transferred an aggregate of 114,638,524 Shares to the NSSF based on 10% of the actual number of Shares issued. After state-owned Shareholders transferred the reduced shares to the NSSF, such Shares were converted into overseas listed foreign shares (H shares). According to the entrustment of the NSSF, the Company transferred 57,319,262 Shares out of the Shares for public offering, and the proceeds were transferred to the NSSF.

## SECTION 2 COMPANY INFORMATION

After the IPO and listing of H Shares by the Company, the total share capital was changed from 6,100,000,000 Shares to 7,246,385,238 Shares, including 5,985,361,476 domestic Shares and 1,261,023,762 H Shares.

### 6. IPO of A Shares in 2018

On May 18, 2018, the CSRC issued the Approval for the Initial Public Offering of Shares by CSC Financial Co., Ltd. (Zheng Jian Xu Ke [2018] No. 828) 《關於核准中信建投證券股份有限公司首次公開發行股票的批覆》(證監許可[2018]828號)) to approve the public offering of no more than 400 million A Shares by the Company.

On June 20, 2018, the Company was listed on the Main Board of the Shanghai Stock Exchange, with an IPO of 400,000,000 A Shares (stock code: 601066.SH) at an issue price of RMB5.42 per share.

After the IPO and listing of A Shares of the Company, the total share capital of the Company changed from 7,246,385,238 Shares to 7,646,385,238 Shares, including 6,385,361,476 A Shares and 1,261,023,762 H Shares.

### 7. Change of Shareholding in 2020

On October 19, 2020, the CSRC issued the Approval for the Change of Substantial Shareholder by CSC Financial Co., Ltd. (Zheng Jian Xu Ke [2020] No. 2619) 《關於核准中信建投證券股份有限公司變更主要股東的批覆》(證監許可[2020]2619號)) to approve Beijing Financial Holdings Group to become a substantial shareholder of the Company, with no objection to the lawful transfer of 2,684,309,017 shares of the Company (representing 35.11% of the total number of shares) originally held by BSCOMC to Beijing Financial Holdings Group. On November 30, 2020, the share transfer registration was completed, BSCOMC no longer directly held shares of the Company, and Beijing Financial Holdings Group became the largest shareholder of the Company.

### 8. Non-public Issuance of A Shares in 2020

On February 28, 2020, the CSRC issued the Approval for the Non-public Issuance of Shares by CSC Financial Co., Ltd. (Zheng Jian Xu Ke [2020] No. 345) 《關於核准中信建投證券股份有限公司非公開發行股票的批覆》(證監許可[2020]345號)) to approve the non-public issuance of no more than 1,277,072,295 A Shares of the Company.

On December 28, 2020, the share registration procedures for the non-public issuance of the 110,309,559 new A shares were completed at the Shanghai branch of China Securities Depository and Clearing Corporation Limited. After the completion of the non-public issuance, the total share capital of the Company changed from 7,646,385,238 Shares to 7,756,694,797 Shares, including 6,495,671,035 A Shares and 1,261,023,762 H Shares.

## SECTION 2 COMPANY INFORMATION

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### 9. Increase in Shareholding by the Shareholder in 2023

From May 18 to November 20, 2023, Beijing Financial Holdings Group increased its shareholding in the Company by a total of 93,080,000 H Shares (representing 1.20% of the total number of Shares) by way of centralized bidding through SSE southbound trading system. When the increase in shareholding was completed, Beijing Financial Holdings Group held a total of 2,777,389,017 Shares in the Company (representing 35.81% of the total number of Shares), including 2,684,309,017 A Shares and 93,080,000 H Shares.

### (II) Change of Substantial Shareholders

Please refer to the part headed “History of the Company” in this section for details.

### (III) Organizational Structure of Company

In strict compliance with the requirements such as the Company Law, the Securities Law, the Guidance for the Internal Control of Securities Companies 《證券公司內部控制指引》, the relevant rules and regulations of CSRC, the SSE Listing Rules, the Hong Kong Listing Rules, the various requirements of the competent authorities on the governance of state-owned financial enterprises, the Articles of Association and internal system of the Company, the Company regulates its operation, constantly improves the operation mechanism and system establishment for its Party Committee, Shareholders' general meeting, the Board of Directors, the Supervisory Committee and the executive management. The Company has established a standardized and scientific corporate governance structure and set up an organizational structure that meets its development needs. As of the end of the Reporting Period, the organizational structure of the Company is as follows:







## SECTION 2 COMPANY INFORMATION

### (IV) Number and Network of Securities Business Departments of the Company

As of the end of the Reporting Period, the Company had a total of 45 securities branches. For details, please refer to “Introduction of Securities Branches” in this report.

As of the end of the Reporting Period, the Company had a total of 275 securities business departments. The network of the securities business departments was as follows:

Districts	Number of securities business departments
Beijing	50
Guangdong	32
Jiangsu	19
Shanghai	19
Hubei	16
Zhejiang	16
Jiangxi	15
Fujian	14
Hunan	13
Shandong	12
Chongqing	11
Shaanxi	10
Sichuan	9
Henan	8
Hebei	6
Tianjin	6
Liaoning	5
Anhui	3
Hainan	3
Gansu	2
Heilongjiang	2
Jilin	1
Shanxi	1
Guangxi	1
Xinjiang	1
Total	275

### (V) Number and Network of Other Branches

As of the end of the Reporting Period, China Futures, a wholly-owned subsidiary of the Company, had a total of 30 branches, including three branches in Shanghai, three branches in Beijing, three branches in Chongqing and two branches in Guangzhou; and one branch in each of Jinan, Changsha, Dalian, Nanchang, Zhengzhou, Langfang, Zhangzhou, Hefei, Xi'an, Chengdu, Shenzhen, Hangzhou, Ningbo, Wuhan, Nanjing, Taiyuan, Hainan, Fuzhou and Suzhou.

## SECTION 2 COMPANY INFORMATION

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### VII. OTHER RELEVANT INFORMATION

Accounting firm engaged by the Company (domestic)	Name	KPMG Huazhen LLP
	Office address	8th Floor, Tower E2, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing
	Names of signing accountants	GUAN Yiming and WANG Guobei
Accounting firm engaged by the Company (overseas)	Name	KPMG
	Office address	8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
	Name of signing accountant	Lee Lok Man
Share Registrar	A Share Registrar	China Securities Depository and Clearing Corporation Limited
	H Share Registrar	Computershare Hong Kong Investor Services Limited

## SECTION 2 COMPANY INFORMATION

### HONORS RECEIVED BY THE GROUP IN 2024

Category of Award	Awarding Organization	Name of Award
Comprehensive Awards	The People's Bank of China	2023 Fintech Development Award (Second Prize) (CSC and China Futures)
	Securities Association of China, China Futures Association and Asset Management Association of China	2023 Enterprise Standard Forerunner
	China Association for Public Companies	2024 Outstanding Research Results
		2024 Best Practice Case of Sustainable Development of Public Companies
		2024 Best Practice Case of Board Offices of Public Companies
		2024 Best Practice Case of Digital Transformation of China Public Companies
	Shanghai Environment and Energy Exchange	Best Practice Case of 2023 Annual Report Performance Briefing of Public Companies
		2023 Excellent Member Award
	Fintech Research and Development Center (Shenzhen) of Securities and Futures Industry	2023 Excellent Project
	China Academy of Information and Communications Technology	The 4th "Jinxintong" Fintech Innovation and Application in 2024: Top 10 Cases, Typical Case (CSC)
		Excellent Case (China Futures)
	China Securities Journal	2024 Golden Bull Awards for Securities Companies: Top 10 Golden Bull Securities Companies, Golden Bull Award for ESG in Securities Industry and Golden Bull Award for Fintech of Securities Companies
		2024 Yinghua Demonstration Case for Securities Firms in China: Green Finance Demonstration Case for Excellent Securities Firms
	Chinafund	
	China International Economic Management Technology Forum Committee	2024 Benchmarking Enterprise for the Core Competitiveness of Comprehensive ESG Governance
	Insurance Asset Management Association of China	2023 Most Potential Futures Company (China Futures)
	Shanghai Futures Exchange	2023 Excellent Member Award (China Futures)
	Dalian Commodity Exchange	2023 Excellent Member Award (China Futures)
	Securities Times	2024 Junding Award for China Futures Industry: Leading Futures Company in China (China Futures)
	CAIJING.COM.CN	2024 Outstanding Contribution Enterprise in Green Finance (China Fund)

## SECTION 2 COMPANY INFORMATION

Category of Award	Awarding Organization	Name of Award
Investment Banking	SSE	2024 Selection for Facilitating the Development of Bond Market: Excellent Industrial Bond Underwriter, Excellent Corporate Bond Underwriter, Excellent Government-backed Agency Bond Underwriter, Excellent Manager for Asset-backed Securitization Business, Excellent Infrastructure Public REITs Investment Institution, Excellent Bond Market Maker for Credit Bonds and Excellent Institution Participating in Bond Lending
	China Central Depository & Clearing Co., Ltd.	2024 Annual Evaluation of the Development Quality of ChinaBond Members: Institution of the Year for Development Contribution, Excellent Bond Underwriting Institution and Excellent Corporate Bond Underwriting Institution, Institution with Outstanding Contribution to Internationalization Business
	Shanghai Clearing House	2024 Annual Evaluation of High-quality Development: Excellent Underwriter for Financial Bonds from Commercial Banks, Excellent Underwriter for "Clearing and Issuance of Policy-based Financial Bonds" and Excellent International Business Cooperation Institution
	Securities Times	2024 Junding Awards for China Securities Industry: Full-service Investment Bank, M&A and Restructuring Financial Advisor and Regional Investment Bank – Central China
	National Business Daily	2024 Jinding Award: Best Bond Underwriter
	New Fortune	The 17th New Fortune Best Investment Bank Selection: (2024): Best Local Investment Bank, Best ESG Practice Investment Bank, Best Equity Underwriting Investment Bank, Best Debt Underwriting Investment Bank, Best IPO Investment Bank, Best Refinancing Investment Bank, Best M&A Investment Bank, Best Corporate Bond Investment Bank, Best Investment Bank for Asset-backed Securitization (ABS), Best Investment Bank in Overseas Market Capability, Best Investment Bank in the Technology and Intelligent Manufacturing Industry, Best Investment Bank in the Consumption-related Industry, Best Investment Bank in Health Industry and Best Investment Bank in the New Energy Industry
	Wind Info	2024 Wind Best Investment Bank Selection: Best Investment Bank for the Year, Best Equity Underwriter for A Shares, Best IPO Underwriter for A Shares, Best Re-financing Underwriter for A Shares, Best STAR Market Equity Underwriter, Best ChiNext Board Equity Underwriter, Best BSE Equity Underwriter, Best NEEQ Chief Securities Firm, Best Equity Underwriter for A-Shares in Intelligent Manufacturing Industry, Best Equity Underwriter for A-Shares in Information Technology Industry, Best IPO Sponsor for H Shares, Best IPO Global Coordinator for H Shares, Best China M&A and Restructuring Financial Advisor, Best Bond Underwriter – Securities Firm, Best Credit Bond Underwriter – Excellent Securities Firm, Best Med – to Long-Term Bond Underwriter, Best ABS Underwriter, Best Credit ABS Underwriter, Best Enterprise ABS Underwriter, Best ABN Underwriter, Best Financial Bond Underwriter – Excellent Securities Firm, Best Corporate Bond Underwriter, Best Enterprise Bond Underwriter, Best Convertible Bond Underwriter, Best Green Bond Underwriter – Securities Firm, Best Industrial Bond Underwriter – Securities Firm and Best Chinese USD Bond Underwriting – Securities Firm
	Yicai	"Top 10 Investment Banks of the Year" in the 2024 China Financial Value Ranking of Yicai

## SECTION 2 COMPANY INFORMATION

Category of Award	Awarding Organization	Name of Award
Wealth Management Business Segment	CSRC	2023-2024 Excellent Investor Education Base and Popular Investor Education Product for the Year
	Shanghai Stock Exchange	2023 Excellent Investor Education Member 2023 Excellent Practice Case Award for Investor Protection
	Shenzhen Stock Exchange	2023 Excellent Member Award for Investor Education Works 2023 Excellent Practice Case for Promoting the Incorporation of Investor Education Into National Education 2023 Best Organization Award for "Work Hard" Investor Education Activities
	China Securities Journal	2024 Golden Bull Award for Securities Companies: Golden Bull Wealth Management Team
	Securities Times	2024 Junding Awards for China Securities Industry: Full-service Wealth Broker, Wealth Management Brand, Investment Consultation Service, Digital Transformation, APP Operational Team, Digitalization and Innovative Service Practice Case
	Chinafund	2024 China Securities Firms Yinghua Demonstration Cases: Demonstration Institution for Excellent Wealth Management, Demonstration Cases for Excellent Wealth Management Brands, APP Demonstration Cases for Excellent Securities Firms and Investor Education Demonstration Cases for Excellent Securities Firms
	National Business Daily	2024 Jinding Award: Most Reputable Retail Securities Firms and Most Influential Investor Education Cases for Securities Firms
	Shanghai Futures Exchange	2023 Member Excellence Selection: Precious Metal Industry Service Award, Futures Market Service Award, Shipping Industry Service Award, SHFE "Strengthening the Source and Supporting Enterprises" Contribution Award and Technology Escort Pioneer Award (China Futures)
	China Futures Association	2023 Case for Excellent Trader Education (China Futures)
	Zhengzhou Commodity Exchange	2023 Best "Insurance + Futures" Reimbursement Award (China Futures)
	Dalian Commodity Exchange	2023 Member Excellence Selection: Excellent Member Award for Chemical Industry Services, Excellent Member Award for Institutional Services, Excellent Member Award for Futures Market Services, Excellent Member Award for Rural Revitalization Services and Excellent Member Award for Investor Education Services (China Futures)
	Futures Daily and Securities Times	The 17th China Best Futures Operator and Best Futures Research Team Selection: Best Futures Company in China, Best Commodity Futures Industry Service Award, Best Financial Futures Service Award, Best Rural Revitalization Service and Social Responsibility Public Welfare Award, Best Risk Management and Corporate Culture Brand Building Award, Best Asset Management Leadership Award for the Year, Outstanding Asset Management Products for the Year, Best Derivatives Comprehensive Service Innovation Award in China, Most Popular We Media for Futures Operator for the Year, Outstanding APP Performance Award for Best Futures Company for the Year, Investor Protection and Education Innovation Award for the Year, Best Contribution Award for Futures Talent Cultivating Institution, Gold Medal Management Team of Future Companies in China, Best Digital Transformation Futures Operator, Gold Medal Futures Research Institute in China and Best Futures Research Team: Macro Finance, Black Industry, Metal Industry, Energy and Chemical Industry, and Agricultural Products Industry (China Futures)

## SECTION 2 COMPANY INFORMATION

Category of Award	Awarding Organization	Name of Award
Trading and Institutional Client Services Business Segment	China Foreign Exchange Trade System	2023 Interbank Foreign Exchange Market Member Market-Making and Trading Performance Evaluation: Excellent RMB Foreign Exchange Member, Excellent RMB Foreign Exchange Spot Member, Excellent RMB Foreign Exchange Non-Bank Member, Most Improved Foreign Currency Member
	Shanghai Futures Exchange	2023 Diamond Award for Market Making Business
	Dalian Commodity Exchange	2023 Excellent Market Maker Award
	Guangzhou Futures Exchange	2023 Excellent Market Maker Award
	Shanghai Clearing House	2024 Annual Evaluation of High-quality Development: Excellent International Business Collaborative Institution, Excellent Clearing Member, Excellent Clearing Business Participant, Excellent Institution Participating in Foreign Exchange Agency Settlement Business and Excellent Professional Institution for Active Issuer Debt Management Business
	China Central Depository & Clearing Co., Ltd.	2024 CIBM Participants Performance Evaluation: Top 100 Self-settlement Institution
	Hubei Carbon Emission Exchange	Excellent Collaborative Units for the Tenth Anniversary of Hubei Carbon Market: Market Pioneer Award
	Bond Connect Company Limited	2024 Excellent Bond Connect Institutions: Northbound Top Market Maker and Innovative Institution for Cross-Border Subscription Under Bond Connect – Underwriter (China Securities) Innovative Institution for Primary Market – Underwriter (China Securities International)
	China Securities Journal	2024 Fifteenth Golden Bull Award for Securities Industry Analyst: Best Golden Bull Research Institute Best Industry Analyst Teams: pharmaceutical manufacturing industry, textile and clothes manufacturing industry, industries that offer supplies of electricity, heat, gas and water
		The 20th Anniversary of ETF Golden Bull Ecosystem Excellent Service Institution Selection: Excellent Custodian and Excellent Mobile Service Provider
	Shanghai Securities News	Shanghai Securities News 2023 Best Analyst Awards: Most Influential Securities Research Institute Best Analyst: from the fields of biomedicine, strategy, telecommunication, metal and new metal materials
	Securities Times	Securities Times & New Fortune Magazine 2024 Best Analyst Awards: Most Influential Research Institute, Local Best Research Institute, Best Research Team from BSE-listed Companies Best Analyst Industry Award: for bank, biomedicine, telecommunication, machine, metal and new metal materials, new energy and electric power facilities and overseas market research Best Industry Research Team Award: for finance industry, manufacturing industry and science and technology industry
	Securities Market Weekly	Securities Market Weekly 18th (2024) Crystal Ball Awards for Sell-side Analysts: Overall Awards Results: the Most Influential Institute, BSE Research, non-ferrous metal, biomedicine, military industry and new energy Public Fund Awards Results: the Most Influential Institute, BSE Research, non-ferrous metal, biomedicine and non-bank finance
	Chinafund	China Fund Industry Yinghua Award: Excellent ETF Custodian
	The Asset	“Best G3 Bond Investment Institution” - Top Place Among Securities Firms in Hong Kong, “Best Offshore RMB Bond Investment Institution” – Highly-Recommended Award for Securities Firms (China Securities International)



## SECTION 2 COMPANY INFORMATION

Category of Award	Awarding Organization	Name of Award
Asset Management Business Segment	Shanghai Stock Exchange	2024 Bond Market Construction Work Selection: Excellent Infrastructure Public REITs Participant (China Fund)
	Shenzhen Stock Exchange	2023 Excellent Bond Investment and Trade Institution – Securities Firm Asset Management
	China Foreign Exchange Trade System	2024 Annual Evaluation of High-quality Development for Members in the Inter-Bank Renminbi Market: Annual Market Influence Institution and Market Innovation Business Institution (CSC) Market Improvement Institution (China Fund)
	China Securities Journal	2024 Golden Bull Awards for Collective Asset Management Plans of Securities Companies: Three-year Hybrid Bond (Secondary) Golden Bull Asset Management Plan, Three-year Hybrid Bond (Primary) Golden Bull Asset Management Plan and One-year FOF Golden Bull Asset Management Plan (CSC)
		The 8th Equity Investment Golden Bull Award: Outstanding Golden Bull Equity Investment Institution of Securities Firms (China Capital)
	Securities Times	2024 Junding Awards for China Securities Industry: Full-service Asset Management Institution, Asset Management Brand, Asset Management Quantitative Team, Fixed-Income Asset Management Plan and Quantitative Asset Management Plan (CSC) Outstanding Futures Asset Management in China (China Futures)
		2024 Yinghua Demonstrating Cases for Securities Firms in China: Demonstrative Institution for Asset Management of Securities Firms
	Chinafund	The 1st Yinghua Demonstrating Cases for Venture Investment of Private Equity in China: TOP 50 Demonstrative Institutions (Overall Competitiveness), Demonstrative Institution for New Energy and New Material Industry and Demonstrative Institution for Investment in Semiconductor Industry (China Capital)
	National Business Daily	2024 Jinding Award: Asset Management for Most Powerful Securities Firm
	CLS.CN	The 2nd Excellent “Gold Hazelnut” Asset Management Competitiveness Case Selection: Gold Hazelnut Award for Excellent Asset Management Company for Securities Firms and Gold Hazelnut Award for Excellent Fixed-Income Asset Management Team for Securities Firms (CSC) Gold Hazelnut Award for Best Futures Asset Management (China Futures)
	Zero2IPO Group	The 24th Selection of China Equity Investment Ranking: TOP 100 Private Equity Investment Institutions in China (#21), TOP 50 Investment Institutions in China that “use special and sophisticated technologies to produce novel and unique products”, TOP 20 Investment Institutions in the Field of New Materials in China and TOP 20 Investment Institutions in the Field of Aerospace in China (China Capital)
	ChinaVenture	2024 ChinaVenture Ranking List Selection: TOP 30 Best State-owned Investment Institutions, TOP 30 Private Equity Investment Institutions in China Getting the Most Attention from LP and TOP 30 Best Investment Institutions in Western China (China Capital)
	Global PE Forum	2023-2024 China PE/VC Industry Selection: TOP 20 Private Equity Investment Institutions in China, Most Active Private Equity Investment Institution in China, TOP 10 State-owned Institutions in China’s Equity Investment Industry, TOP 20 Active Investment Institutions in the Field of Semiconductor in China, TOP 20 Active Investment Institutions in the Field of Information Industry in China and TOP 20 Active Investment Institutions in the Field of New Energy in China (China Capital)

**Note:** All of the awards and honors not specifically marked above are received by the parent company. Awards won by China Securities International include those won by its subsidiaries.

## SECTION 3 FINANCIAL SUMMARY

### KEY ACCOUNTING DATA

Unit: RMB million

Items	2024	2023	Increase/ decrease as compared to the same period last year (%)	2022
Total revenue and other income	32,216	33,979	-5.19	36,471
Operating profit	8,682	8,364	3.80	9,459
Profit before income tax	8,690	8,372	3.80	9,472
Net profit attributable to equity holders of the Company	7,223	7,034	2.68	7,519
Net cash flow from operating activities	1,065	-10,127	N/A	24,279

Unit: RMB million

Items	December 31, 2024	December 31, 2023	Increase/ decrease as compared to the same period last year (%)	December 31, 2022
Total assets	566,418	522,752	8.35	509,206
Total liabilities	459,899	425,226	8.15	415,910
Equity attributable to equity holders of the Company	106,469	97,478	9.22	93,251
Total share capital	7,757	7,757	—	7,757

## SECTION 3 FINANCIAL SUMMARY

### KEY FINANCIAL INDICATORS

Items	2024	2023	Increase/ decrease as compared to the same period last year (%)	2022
Basic earnings per Share (RMB Yuan/Share)	0.79	0.78	1.28	0.86
Diluted earnings per Share (RMB Yuan/Share)	0.79	0.78	1.28	0.86
Return on weighted average equity (%)	8.24	8.61	Decreased by 0.37 percentage point	10.05

Items	December 31, 2024	December 31, 2023	Increase/ decrease as compared to the same period last year (%)	December 31, 2022
Net assets per Share attributable to equity holders of the Company (RMB Yuan/Share)	13.73	12.57	9.23	12.02
Gearing ratio (%)	75.56	76.88	Decreased by 1.32 percentage points	76.67

Notes: Gearing ratio = (Total liabilities – accounts payable to brokerage clients)/(Total assets – accounts payable to brokerage clients)

The net assets per Share attributable to equity holders of the Company shown in the table above included the perpetual subordinated bonds issued by the Company. After excluding such impact, the net assets per Share attributable to ordinary equity holders of the Company as at the end of Reporting Period was RMB9.88 (December 31, 2023: RMB9.36).

## SECTION 3 FINANCIAL SUMMARY

### NET CAPITAL AND RELEVANT RISK CONTROL INDICATORS OF THE COMPANY

Items	December 31, 2024	December 31, 2023
Net capital (RMB million)	74,675	66,859
Net assets (RMB million)	100,964	91,856
Total risk capital reserves (RMB million)	41,016	41,217
Risk coverage ratio (%)	182.06	162.21
Capital leverage ratio (%)	15.80	14.02
Liquidity coverage ratio (%)	341.37	208.63
Net stable funding ratio (%)	199.70	151.21
Net capital/net assets (%)	73.96	72.79
Net capital/liabilities (%)	25.50	22.21
Net assets/liabilities (%)	34.47	30.51
Proprietary equity securities and securities derivatives/net capital (%)	24.22	13.98
Proprietary non-equity securities and securities derivatives/ net capital (%)	306.33	350.13

Note: During the Reporting Period, all risk control indicators for the businesses of the Company complied with the relevant requirements of the Administrative Measures for Risk Control Indicators of Securities Companies 《證券公司風險控制指標管理辦法》 from the CSRC.

### FINANCIAL POSITION FOR THE LAST FIVE YEARS

#### Profit Status

Unit: RMB million

Items	2024	2023	2022	2021	2020
Total revenue and other income	32,216	33,979	36,471	39,033	30,720
Total expenses	23,534	25,615	27,012	26,014	18,606
Share of profits of associates	8	7	14	2	12
Profit before income tax	8,690	8,372	9,472	13,021	12,126
Net profit attributable to equity holders of the Company	7,223	7,034	7,519	10,239	9,509

## SECTION 3 FINANCIAL SUMMARY

### Assets Status

Unit: RMB million

Items	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Share capital	7,757	7,757	7,757	7,757	7,757
Total equity	106,519	97,526	93,296	80,006	68,071
Equity attributable to equity holders of the Company	106,469	97,478	93,251	79,818	67,735
Total liabilities	459,899	425,226	415,910	372,785	303,157
Accounts payable to brokerage clients	130,642	100,924	109,294	93,083	74,710
Total assets	566,418	522,752	509,206	452,791	371,228

### Key Financial Indicators

Items	2024	2023	2022	2021	2020
Dividends per Share (RMB Yuan/Share)	0.255 (Budget)	0.250	0.270	0.395	0.375
Basic earnings per Share (RMB Yuan/Share)	0.79	0.78	0.86	1.25	1.20
Diluted earnings per Share (RMB Yuan/Share)	0.79	0.78	0.86	1.25	1.20
Return on weighted average equity (%)	8.24	8.61	10.05	15.86	18.12
Gearing ratio (%)	75.56	76.88	76.67	77.76	77.04

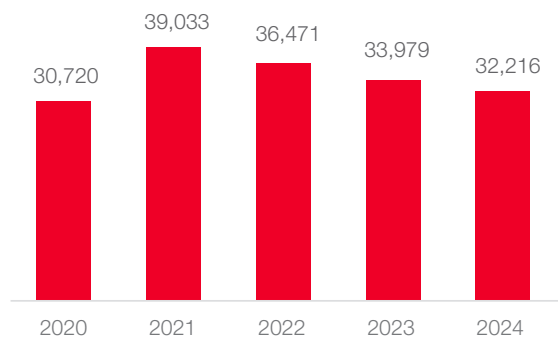
Notes: (1) The above accounts payable to brokerage clients represent the amounts received from and repayable to clients arising from securities trading conducted by the Group on behalf of clients in the normal course of business. Such amounts are subject to regulation of third-party depository institutions.

(2) The budget for dividends per share for 2024 includes 0.09Yuan/Share cash dividends distributed in the interim period.

## SECTION 3 FINANCIAL SUMMARY

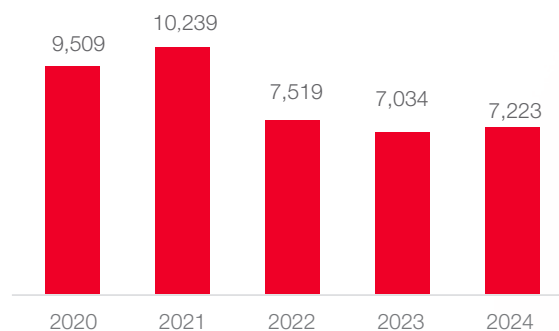
### Total revenue and other income

(Unit: RMB million)



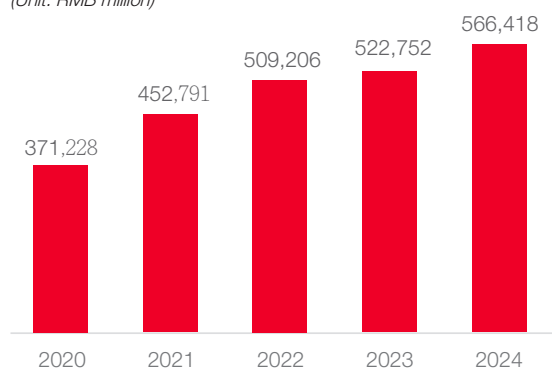
### Net profit attributable to equity holders of the Company

(Unit: RMB million)



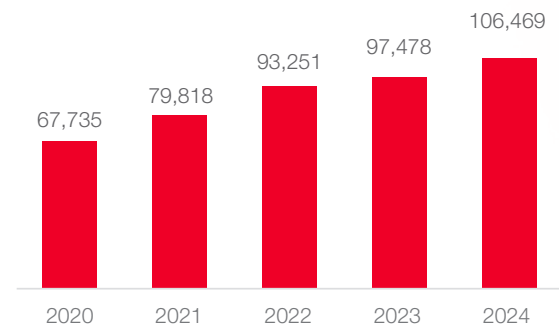
### Total assets

(Unit: RMB million)

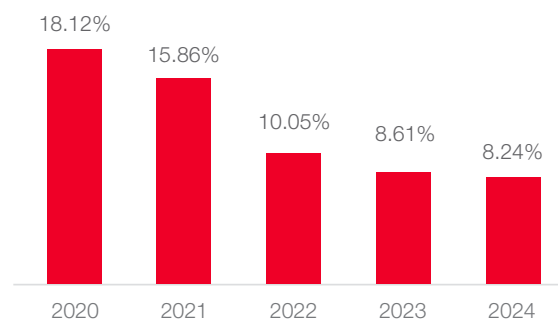


### Equity attributable to equity holders of the Company

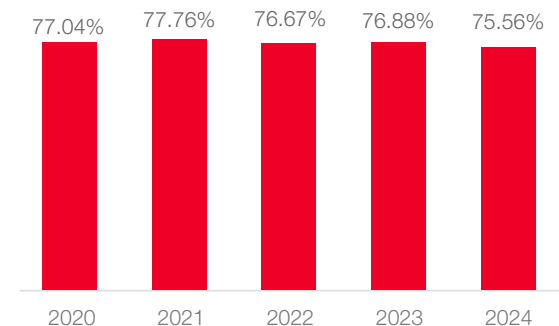
(Unit: RMB million)



### Return on weighted average equity



### Gearing ratio





## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

### I. BUSINESS OVERVIEW

#### (I) Overview

As of December 31, 2024, the total assets of the Group were RMB566,418 million, representing an increase of 8.35% as compared to December 31, 2023; equity attributable to equity holders of the Company was RMB106,469 million, representing an increase of 9.22% as compared to December 31, 2023; during the Reporting Period, total revenue and other income of the Group amounted to RMB32,216 million in aggregate, representing a year-on-year (“YoY”) decrease of 5.19%; total expenses amounted to RMB23,534 million, representing a YoY decrease of 8.12%; net profit attributable to equity holders of the Company amounted to RMB7,223 million, representing a YoY increase of 2.68%.

#### (II) Analysis of Principal Businesses

The principal businesses of the Group comprise four segments: investment banking business segment, wealth management business segment, trading and institutional client services business segment, and asset management business segment. During the Reporting Period, total revenue and other income of the investment banking business segment amounted to RMB2,677 million in aggregate, representing a YoY decrease of 46.77%; total revenue and other income of the wealth management business segment amounted to RMB10,366 million in aggregate, representing a YoY increase of 5.82%; total revenue and other income of the trading and institutional client services business segment amounted to RMB14,789 million in aggregate, representing a YoY increase of 1.81%; total revenue and other income of the asset management business segment amounted to RMB1,287 million in aggregate, representing a YoY decrease of 14.31%.

##### 1. Investment Banking Business Segment

The Group’s investment banking business segment primarily includes equity financing business, debt financing business, and financial advisory business.

##### (1) Equity Financing Business

In 2024, the primary market for domestic equity financing experienced dramatic changes in terms of policies and market environment, with a decline in the number of both issued and pending IPOs and equity refinancing projects, resulting in a reduction in the scale of financing. A total of 220 equity financing projects were issued in the whole A-share market in 2024, representing a YoY decrease of 64.05%, and the funds raised amounted to RMB209.695 billion, representing a YoY decrease of 72.84%. Among them, IPO projects amounted to 102, representing a YoY decrease of 67.52%, and the funds raised amounted to RMB66.28 billion, representing a YoY decrease of 81.54%; equity refinancing projects amounted to 118, representing a YoY decrease of 60.40%, and the funds raised amounted to RMB143.415 billion, representing a YoY decrease of 65.29%. (Sources: Wind Info and statistics on issue date, excluding asset-oriented private placement)

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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For overseas market, the primary market for the equity financing of Hong Kong witnessed considerable recovery in 2024, with an upsurge in IPOs and refinancing activities. Of which, a total of 67 IPO projects<sup>1</sup> were issued on the Hong Kong Main Board stock market in 2024, representing a YoY decrease of 1.47%, and the funds raised amounted to HK\$87.243 billion, representing a YoY increase of 88.34%. 141 refinancing projects<sup>2</sup> were issued, representing a YoY increase of 31.78%, and the funds raised amounted to HK\$138.95 billion, representing a YoY increase of 113.94%. (Sources: HKEX, iFid and Bloomberg, statistics on issue date)

In 2024, the Company responded to challenges positively, and remained among the top market players in terms of equity financing business. For domestic business, the Company completed 27 A-Share equity financing projects, with the lead underwriting amount of RMB15.06 billion during the Reporting Period, ranking No. 2 and No. 3 in the industry, respectively. Among them, there were 12 IPOs in which the Company served as the lead underwriter, with a lead underwriting amount of RMB6.177 billion, ranking No. 1 and No. 3 in the industry, respectively. The Company also completed 15 equity refinancing projects, with the lead underwriting amount of RMB8.883 billion, ranking No. 2 and No. 3 in the industry, respectively. The Company actively implemented the national strategy to serve the high-quality development of the real economy. The Company delivered good performance in technology and finance and contributed to rapid growth of new quality productive force. During the Reporting Period, the Company sponsored 4 IPOs from BSE, with the lead underwriting amount of RMB889 million, each ranking No. 1 in the industry, respectively. Moreover, the Company sponsored 11 IPO projects in strategic emerging industries and 9 IPO projects for national-level “little giant” enterprises that used special and sophisticated technologies to produce novel and unique products. The number of sponsorships conducted by the Company ranked No. 1 in the industry. Among them, typical projects included sponsoring and underwriting the listing of Maxio Technology on the STAR Market (the first IPO project approved by CSRC after the new “Nine Guidelines of the State Council” were issued), and sponsoring and underwriting the listing of Geovis Insighter on the BSE (the project receiving the most subscription funds among IPO projects on the BSE in 2024).

*Note 1:* The statistical scope of IPOs in Hong Kong stock market only includes IPOs issued on the Hong Kong Main Board, excluding GEM Transfer, Listing by Introduction or De-SPAC, etc.

*Note 2:* The statistical scope of refinancing projects in Hong Kong stock market includes equity financing (such as placement, right issue, non-public issuance, etc.) and hybrid financing instruments (such as convertible bonds and exchangeable bonds, etc.)

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

In terms of equity refinancing, the Company helped energy supply enterprises in their green transformation by serving as the sponsor and underwriter for Changyuan Electric Power to issue shares to specific targets; and the Company acted as the sponsor and underwriter for CITIC Heavy Industries to issue shares to specific targets to serve domestic backbone heavy equipment enterprises, supporting their transformation into world-class, high-end equipment producers. In addition, the Company completed 6 convertible bond projects, with a lead underwriting amount of RMB5.822 billion, both ranking No. 1 in the industry. (Sources: Wind Info and Statistics of the Company)

In 2024, the Company completed the listing of 20 companies on the NEEQ, and the private placement of 10 companies listed on the NEEQ, raising funds of RMB3.535 billion; as of the end of the Reporting Period, the Company continued to supervise 59 innovation-layer companies on the NEEQ. (Sources: NEEQ Co. Ltd. and Choice Financial Terminal)

For domestic project reserves, as of the end of the Reporting Period, the Company had 20 IPO projects under review, ranking No. 3 in the industry; 13 equity refinancing projects (including convertible bonds) under review, ranking No. 2 in the industry. (Sources: CSRC, Shanghai and Shenzhen Stock Exchanges, Wind Info and statistics of the Company)

Details of the domestic equity financing business sponsored and underwritten by the Company in 2024 are shown in the table below:

Items	2024		2023	
	Amount of lead underwriting (RMB'00 million)	Number of offerings	Amount of lead underwriting (RMB'00 million)	Number of offerings
IPO	61.77	12	407.54	33
Refinancing issuance	88.83	15	540.22	34
Total	150.60	27	947.76	67

Source: Statistics of the Company

Note: The statistical scope of refinancing includes rights issue, public placement, financing-oriented private placement (inclusive of non-public issuance and reorganization ancillary financing) and preference shares, but excludes asset-oriented private placement.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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For overseas business, in 2024, China Securities International participated in and completed a total of three IPO sponsorship projects in the Hong Kong market, raising HK\$7.362 billion. In particular, China Securities International served as a joint sponsor for Horizon Robotics, a leading company in the autonomous vehicle industry, in its Hong Kong IPO, raising HK\$6.087 billion, representing the largest IPO by a Chinese tech company in the Hong Kong market over the past two years; and served as the sole sponsor for Laopu Gold Co., Ltd., a leading Chinese heritage gold (古法黃金) jewelry brand, in its Hong Kong IPO, raising HK\$1.042 billion.

### *Outlook for 2025*

In 2025, the investment banking business will face both challenges and opportunities. The Company will comprehensively carry out a series of capital market policies such as the new “Nine Guidelines of the State Council”. The Company will keep on focusing on clients’ needs in equity financing, and will further deepen the matrix layout of “industry + region + products” to comprehensively serve the national strategic planning. The Company will continuously improve the quality and efficiency of service to the real economy. The Company aims to become a premier investment bank delivering end-to-end solutions across all corporate lifecycles and financial products. At the same time, the Company will remain committed to its role as “gatekeeper” of the capital market by continuously improving quality of practice through intensified quality control efforts. The Company will keep close eyes on the market developments to optimize valuation and distribution capabilities. The Company will support the two-way opening-up of the capital market to promote the equity financing business of Hong Kong to a new level; and will strengthen the synergistic development of investment and other businesses to enhance the capability to provide comprehensive service capacity for our clients. The Company will continue leveraging the historical opportunity of high-quality development of BSE arising from the reform deepening of the exchange. To do this, the Company will increase investments to extend its presence comprehensively, and vigorously support innovation-driven development of “Little Giant” enterprises that produce new and unique products to serve the country’s efforts to pursue sci-tech self-reliance and self-strengthening at higher levels.

For overseas business, China Securities International will continue to promote the integration of investment banks in mainland China and Hong Kong, continue to expand its business scope in the Hong Kong market, diversify different types of business areas, such as the homecoming of China-concept stocks, privatization of Hong Kong listed companies and cross-border acquisitions, and further enhance the capability to provide comprehensive services to clients.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### **(2) Debt Financing Business**

In 2024, the domestic bond market activity further increased, and yield rate fluctuated in a downward trend throughout the year. The issuance scale of credit bonds and local government bonds in the whole market<sup>1</sup> amounted to RMB30,189.655 billion, a YoY increase of 6.62%. (Source: Wind Info) In terms of overseas bond market, the overseas bond issuance volume of Chinese enterprises reached approximately US\$196.84 billion in 2024, representing a YoY increase of 40.44% due to the US Fed's interest rate cut and other factors. (Sources: Bloomberg)

In 2024, the Company continued to maintain a good development momentum for its debt financing business, and completed a total of 4,021 lead underwriting projects, with a lead underwriting amount of RMB1,647.159 billion, both ranking No. 2 in the industry. Among them, there were 1,130 corporate bond projects under the lead underwriting, with a lead underwriting amount of RMB448.101 billion, both ranking No. 2 in the industry. (Sources: the Securities Association of China and Wind Info)

In 2024, the Company actively implemented requirements for “Five Major Areas” in Finance, and delivered good performance in debt financing business in the technology finance and green finance areas. The Company led the underwriting of 107 green bonds, with a lead underwriting amount of RMB57.343 billion, among which there were 31 carbon neutral special bonds, with a lead underwriting amount of RMB23.116 billion. As the lead underwriter, the Company assisted ICBC in issuing green financial bonds with an issuance scale of RMB20 billion, effectively promoting its implementation of the green development strategy; and assisted Shenergy Company Limited in issuing China's first carbon-neutral green science and technology innovation and rural revitalization perpetual corporate bonds, driving energy efficiency improvements in traditional energy sectors. In collaboration with Mingyang Smart, the Company successfully issued the first onshore wind power public REITs project in China – CSC-Mingyang Smart New Energy REIT. This project, in which CSC acted as the scheme manager and financial advisor and China Fund acted as the fund manager, introduced a new asset type and issuer for China's public REITs market.

The Company led the underwriting of a total of 299 technology innovation corporate bonds (including assets-backed securities) and technology innovation instruments, with a lead underwriting amount of RMB100.407 billion. In particular, the Company ranked No. 2 in the industry both in terms of the number and amount for the lead underwriting of technology innovation corporate bonds, and ranked third in the industry in terms of the amount of lead underwriting of technology innovation instruments (Source: the Securities Association of China, National Association of Financial Market Institutional Investors).

*Note 1:* Does not include government bond, central bank bills, interbank certificates of deposit, and policy bank bonds.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

The domestic debt financing business of the Company in 2024 were shown in the table below:

Items	2024			2023		
	Amount of lead underwriting (RMB'00 million)	Total project scale (RMB'00 million)	Number of offerings	Amount of lead underwriting (RMB'00 million)	Total project scale (RMB'00 million)	Number of offerings
Corporate bonds	4,481.01	12,648.17	1,130	4,179.67	10,878.96	1,007
Enterprise bonds	64.09	193.91	23	236.92	820.10	42
Convertible bonds	58.22	61.50	6	135.38	165.38	8
Financial bonds	4,097.45	25,885.20	299	3,085.21	18,196.40	190
Others	7,770.81	72,791.60	2,563	7,819.89	63,938.28	2,033
Total	16,471.59	111,580.38	4,021	15,457.06	93,999.12	3,280

Source: Statistics of the Company

Note: "Others" mainly include medium-term notes, short-term commercial papers, private placement notes, asset-backed securitization, government-backed agency bonds, exchangeable bonds and others.

For overseas business, in 2024, China Securities International participated in and completed 215 bond underwriting projects in offshore market, representing a YoY increase of 104.76%, with an underwriting amount of HK\$408.543 billion, representing a YoY increase of 82.55%, among which, there were a total of 73 global coordinator projects, representing a YoY increase of 65.91%, with an underwriting amount of HK\$142.798 billion, representing a YoY increase of 98.61%.

### Outlook for 2025

In 2025, the Company will continue to focus on the high-quality development of the debt financing business, emphasize on the implementation of the service to the real economy, and actively implement national strategies. The Company will further promote the matrix layout of "industry + region + product", continuously improve the customer service system, continuously strengthen the prevention and control of business risks, maintain stable project reserves, continuously develop and innovate business models, achieve the pattern of comprehensive product offering and balanced development, and continuously enhance the overall strength of the debt financing business.

For overseas business, China Securities International will continue to focus on and serve core clients in offshore bond projects, leverage its professional strengths in international credit ratings, ESG adviser, and other areas, and expand areas of cooperation with enterprises; continue to enhance the quality of coordinated services between domestic and overseas operations, leverage the resource advantage of integrated strategic cooperation, provide diversified debt financing products, and strengthen full-chain service capability for offshore bonds, continuously enhancing its market influence in the offshore bond financing sector.



## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### **(3) Financial Advisory Business**

In 2024, A-share listed companies completed a total of 41 projects of acquisition of assets through issuance of shares and major asset restructuring, with a transaction amount of RMB85.396 billion. During the Reporting Period, the Company completed 4 projects of acquisition of assets through issuance of A shares and major asset restructuring, ranking No. 2 in the industry; the transaction amount totaled RMB23.806 billion, ranking No. 1 in the industry. Among those projects, the Company, serving as the independent financial advisor, facilitated the successful completion of the major asset restructuring project of Unisplendour Corporation's acquisition of New H3C, which was the largest cross-border merger and acquisition case in China's ICT industry for listed companies in 2024; and the Company, acting as the independent financial advisor, contributed to the issuance of shares by Gansu Energy to purchase assets and raise supporting funds, which was the first major asset restructuring project approved by CSRC after the release of the "Six M&A Guidelines". In terms of project reserves, as of the end of the Reporting Period, the Company had 6 projects of acquisition of assets through issuance of shares and major asset restructuring that were reviewed but not yet been completed, under review, or in draft stage, ranking No. 3 in the industry. (Sources: Wind Info and statistics of the Company)

For overseas business, during the Reporting Period, China Securities International participated in and completed two financial advisory projects in the Hong Kong market.

#### *Outlook for 2025*

In 2025, the Company will adopt a customer-centric approach, and will increase investment in mergers and acquisitions of central state-owned enterprises and leading private enterprises to serve national strategies and contribute to national industrial upgrading and high-quality economic development. At the same time, the Company will enhance transaction matching capabilities to promote the growth of market-oriented merger and acquisition business, and will vigorously develop cross-border business to serve the "going global" strategy of Chinese enterprises and the introduction of foreign capital. Further efforts will be made to consolidate advantages in the financial advisory field of bankruptcy restructuring of listed companies in order to achieve balanced development of various types of merger and acquisition businesses, thus continuously enhancing the market influence and brand awareness of the Company's merger and acquisition business.

For overseas business, China Securities International will continue to explore businesses such as cross-border acquisitions, pre-IPO financing and privatization in 2025 to enhance its competitiveness in global M&A.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Wealth Management Business Segment

The Group's wealth management business segment primarily includes brokerage and wealth management business, margin financing and securities lending business, and repurchase business.

#### (1) Brokerage and Wealth Management Business

In 2024, the Shanghai and Shenzhen A-share markets as a whole showed a new pattern of development, index performance, investor behavior and many other aspects all showed positive changes, especially since late September, the significant upward movement of all major indices has laid a solid foundation for the overall positive development of the market. In 2024, with the average daily trading volume of equity funds in the Shanghai and Shenzhen A-share markets of RMB1,001.6 billion, a YoY increase of 23.18%. (Source: Shanghai and Shenzhen Stock Exchanges)

For the brokerage and wealth management business, in 2024, the Company actively integrated its resources to precisely provide a wide range of financial products and services, including stocks, funds, fixed-income products, financing and securities, investment advisors, futures, etc. to different customer bases, striving to build a comprehensive customer service platform and business ecosystem with complete business varieties. On the one hand, the Company continued to enhance service quality and diversify means of services in a customer-centered approach, and promoted the high-quality development of brokerage business and wealth management in order to satisfy the multi-level and diversified wealth management and investment and financing needs of retail customers, high net worth customers, institutional customers and corporate customers. On the other hand, the Company acquired customers by fully leveraging multi-channel and multi-mode online means to continuously increase the number of customers and improve user stickiness, and in terms of Internet-based traffic attraction, the Company was among top market players in the industry. In 2024, the Company developed 1.9902 million new customers for securities brokerage business, representing a YoY growth of 62.73% and the number of high-net-worth customers reached a five-year high. The scale of financial products was close to RMB240 billion, with the Company's A share direct trading volume market share remaining in the industry's top ten. The Company continuously optimized the customer experience in the mobile transaction client-side APP, "Qingting Dianjin", with average monthly active customers ranking No. 7 in the industry; continued to strengthen its leading advantage in the stock investment advisory service business, with its fund investment advisory business being progressed well, and the number of users serviced on the online investment advisory platform increasing significantly; kept optimizing its financial product system and continuously uplifting the supply of various products. As of the end of the Reporting Period, the Company had 319 branches for securities brokerage business (excluding Shanghai Free Trade Zone Branch), of which 57% were located in the Five Provinces and Two Municipalities (Beijing, Shanghai, Guangdong, Fujian, Zhejiang, Jiangsu and Shandong), among which there were 56 branches in Beijing, making it the securities company with the most securities branches established in Beijing. The Company had a large number of securities branches which were orderly distributed, laying a solid foundation for the steady development of wealth management business. (Source: Shanghai and Shenzhen Stock Exchanges, Qianfan.tech, and statistics of the Company)

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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For futures brokerage and wealth management business, in 2024, affected by various factors such as the slowdown in global economic recovery and the intensification of divergence among major economies, China's futures market showed a new trend of "decrease in volume and increase in turnover", with a cumulative turnover of approximately 7,729 million lots, representing a YoY decrease of 9.08%; the cumulative trading volume was approximately RMB619.26 trillion, representing a YoY increase of 8.93%. China Futures focused on service capability, business transformation and financial technology efforts, and deepened synergies between internal fronts and external fronts. China Futures not only focused on giving full play to its business advantages and making up for its business weaknesses, but also made efforts to optimize its internal management and enhance support from its middle and back-offices. Thanks to those, China Futures posted further improvements in its business segments. In 2024, China Futures achieved an agency transaction amount of RMB25.93 trillion, representing a YoY increase of 25.32%; the number of new customers increased by 21.54% YoY; and at the end of the period, the scale of customer equity increased 3.12% YoY. As of the end of the Reporting Period, China Futures had set up 30 branches and set up a dedicated risk management subsidiary in Chongqing, laying a solid foundation for the development of futures brokerage and risk management businesses. (Source: China Futures Association and statistics of the Company)

For overseas business, in 2024, the aggregate stock agency transaction amount of China Securities International was HK\$103.637 billion. As of the end of the Reporting Period, the aggregate number of customers was 16,407, and the total market value of the shares of customers under custody amounted to HK\$39.436 billion. In 2024, China Securities International continued to intensify the development of high-net-worth individual clients and corporate financial businesses, and constantly improved the layout of financial product lines and capabilities for the sale of products with both of its transaction volume and sales of financial products significantly increasing.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### *Outlook for 2025*

For securities brokerage and wealth management business, the Company will continue to improve professional services through serving the real economy and investors, and will develop innovative business model. An efficient client tiering service system will be established through collaboration between online traffic attraction efforts and offline customer acquisition efforts. The Company will continue to refine full-lifecycle service system of investment advisors and financial products to improve the level of asset allocation and buy-side business services; accelerate the digitalization transformation to improve the resource utilization efficiency and service precision; and will deepen intensive operation to enhance wealth management capability. The Company will keep to the path of high-quality development of wealth management with CSC characteristics.

For futures brokerage and wealth management business, in 2025, under the guidance of the Opinions on Strengthening Supervision and Preventing Risks and Promoting High-quality Development of the Futures Market 《關於加強監管防範風險促進期貨市場高質量發展的意見》 by CSRC and six other government authorities, the stability of the operation of China's futures market, the ability of the futures industry to serve the real economy, and the international influence of China's futures market will be further enhanced. China Futures will focus efforts on developing core competitiveness by putting emphasis on the functioning of the futures market and improving the customer service system. It will steadily and prudently promote its international presence. China Futures will firmly stay on the path of high-quality development.

For overseas business, China Securities International, representing the overseas extension of the Company's wealth management business, strives to meet the diversified overseas investment needs of customers by continuously enriching and optimizing overseas investment products. In 2025, China Securities International will continue to strengthen the construction of product lines, taking advantage of "Cross-boundary Wealth Management Connect Scheme", "Mutual Recognition of Funds" and other business opportunities to continuously expand the scale of cross-border products, increasing overseas product sales on the premise of protecting customers' investment returns, and supporting customers to preserve or increase the value of the global assets through professional and international services.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### **(2) Margin Financing and Securities Lending Businesses**

In 2024, the CSRC comprehensively strengthened supervision and administration of the securities lending business, so as to give full play to the counter-cyclical adjustment role of such business. With the introduction of the new “Nine Guidelines of the State Council”, the supervision of delisting was further strengthened, which was not only conducive to the long-term healthy development of the securities market, but also raising new requirements for conducting business. Since late September 2024, there has been a significant increase in activity of the securities market, and the domestic business of margin financing and securities lending also increased accordingly. As of the end of the Reporting Period, the balance of margin financing and securities lending of the whole domestic market was RMB1,864.583 billion, representing a YoY increase of 12.94%.

As of the end of the Reporting Period, the balance of margin financing and securities lending of the Company was RMB62.820 billion, with a market share of 3.37%; there were 194.9 thousand margin financing and securities lending accounts, representing a YoY increase of 6.30%; the market share of net new credit accounts was 2.68%, representing a YoY increase of 39.99%; the margin financing and securities lending businesses achieved an integral maintenance margin ratio of 292.24%, the overall business risk of which was controllable. (Sources: Wind Info and statistics of the Company)

For overseas business, in 2024, China Securities International strictly complied with various risk management requirements for financing business formulated by regulatory agencies and the Company, and did a good job in managing and controlling customers' credit and securities held, so as to strictly control the risks while meeting the financing needs of the customers. As of the end of the Reporting Period, the balance of margin financing business of China Securities International was HK\$662 million.

#### *Outlook for 2025*

In 2025, for the margin financing and securities lending businesses, the Company will implement multiple measures focusing on channels and products, drive our business growth with the quality and efficiency of services, strive to consolidate the foundation of the margin financing and securities lending businesses, improve the depth of service for high-net-worth clients, and further improve the professional and comprehensive service ability by expanding business channels, enhancing internal synergy, enriching business contents and other measures. At the same time, the Company will promote the transformation of the achievement of financial technology, deepen the investor-oriented philosophy, build customer online service ecology, promote the construction of digital operation systems, and provide customers with diversified, intelligent and personalized product services in order to creating first-class intelligent investment research products in the industry.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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For overseas business, China Securities International will continue to follow the principle of “providing financing businesses to serve actual trading needs”, regularly assessing clients’ potential risk based on their credit status and the securities collateral they hold. It will adhere to the premise that the expansion of financing scale should be driven by the growth of clients’ asset scale, avoiding blind expansion of financing scale and promoting the development of financing business in a healthy and orderly manner.

### **(3) Repurchase Business**

In 2024, the CSRC introduced the Interim Measures on the Management of Shareholding Reduction by Shareholders of Listed Companies 《上市公司股東減持股份管理暫行辦法》 and the Rules on the Management of Shares Held by the Directors, Supervisors, and Senior Management of Listed Companies and the Changes Thereof 《上市公司董事、監事和高級管理人員所持本公司股份及其變動管理規則》, which comprehensively improved the regulatory system in relation to shareholding reduction, aiming to prevent all kinds of circumvention in shareholding reduction, refine the provisions on violation liabilities, guide the market to restore supply and demand balance, and promote the stable development of the securities market.

The Company actively responded to the changes in the market environment and prudently carried out stock-pledged repurchase transaction business, in which the overall business risks were controllable. As of the end of the Reporting Period, the balance of principal of the Company’s stock-pledged repurchase transaction business was RMB7.824 billion. Among them, the balance of principal of investment (on-balance sheet) stock-pledged repurchase transaction business amounted to RMB3.685 billion, with an average collateral coverage ratio of 296.63%; the balance of principal of management (off-balance sheet) stock-pledged repurchase transaction business amounted to RMB4.139 billion. (Source: Statistics of the Company)

#### *Outlook for 2025*

In 2025, on the premise of ensuring that risks are measurable, controllable, and bearable, the Company will stably and prudently carry out collateralized stock repurchase transaction business. The Company will accelerate resource integration, and provide comprehensive financial service to strategic customers; strengthen risk identification on listed companies leveraging on its own investment research capability, and continuously prevent business risks; continuously improve asset quality of stock-pledged repurchase transaction business of the Company through internal refined management.



## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### 3. Trading and Institutional Client Services Business Segment

The trading and institutional client services business segment of the Group mainly comprises stock sales and trading businesses, fixed-income products sales and trading businesses, investment research business, prime brokerage business, QFI and WFOE businesses, and alternative investment business.

#### (1) *Stock Sales and Trading Businesses*

The stock sales and trading businesses of the Company mainly provide trading, advisory and research services, and sell stocks underwritten by the Company to institutional clients. The Company is also engaged in proprietary trading, market-making and over-the-counter derivatives activities of stocks, funds, ETF, and financial derivatives including stock index futures, commodity futures, options and income swaps, among which over-the-counter derivatives provide clients with customized options and income swaps products linked to various types of assets to meet the hedging and risk management demands of institutional clients.

In 2024, the domestic equity market fluctuated increasingly due to the impact of domestic macroeconomic adjustments and capital market policy changes. In respect to the securities trading business, the Company maintained the business positioning of absolute gains by intensifying risk control and proactively identifying investment opportunities amid the dramatic fluctuation of A-share market. In terms of derivatives trading business, as one of the industry's first primary dealers of OTC options, the Company steadily promoted OTC derivatives business such as OTC options and income swaps, further enriching the types of underlying asset subjects and income structure to meet the needs of both domestic and foreign clients in respect to individualized risk management and asset allocation. Moreover, the Company offered more varieties of market-making products in relation to commodity futures and options. Based on the derivative instruments, the Company continued to promote application of "CSC Chinese Assets Risk Parity Index 2.0 (CARP2.WI)" and the "CSC World Assets Risk Parity Index 2.0 (WARP2.WI)" and the compound strategic index "CSC World Asset Risk Parity Macro Hedge Index 2.0 (WARPMACRO2.WI)" in the wealth management and asset allocation. Meanwhile, on the basis of the existing strategy index product system, the Company further diversified the product structure and strategy system to serve listed companies, financial institutions and other customer bases. By doing so, the Company implemented the business development concept of financial services for the real economy and financial inclusion. Moreover, the Company continuously expanded the scope and scale of its market-making business aiming to enhance its market competitiveness. The current market-making products include ETF funds, options, futures, stocks and other trading products.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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For stock sales business, the Company completed the sales of 27 stock projects of A share as a lead underwriter in 2024, including sales of 12 IPO projects, and 15 projects for non-publicly issued shares, and completed 6 convertible bond projects, with a cumulative sales amount of RMB20.882 billion. The Company maintained its dominant position and market presence of overall stock sales business amidst market volatility, and the lead underwriting amount of IPO projects and equity refinancing projects both ranked No. 3 in the industry. (Sources: statistics of the Company and Wind Info)

For overseas business, the institutional sales and trading businesses of China Securities International mainly provided trading, advisory and research services, and sold stocks underwritten by the Company to institutional clients. China Securities International formed a cross-industry, cross-market and cross-asset class research service matrix, constantly improving the service system for institutional clients, further enhancing the Company's influence in the secondary stock market in Hong Kong and gradually establishing brand awareness.

### *Outlook for 2025*

In 2025, with regard to stock trading business, the Company will remain committed to developing professional investment research teams, closely track the domestic and foreign macro-economic situation and policy changes, conduct in-depth research on the industry and individual stock opportunities, adhere to the value investment philosophy for the allocation of sectors and individual stocks, and actively focus on phased and structural opportunities on the basis of strictly controlling risks. The Company will also gradually enlarge the scale of cross-border businesses, increase the proportion of its integrated revenue, actively enhance its capabilities and qualities of market-making services, expand the scope of its market-making business, deepen the degree of coverage of market-making varieties, and provide quality liquidity services to the market to continuously enhance the Company's influence and competitiveness in the market.

For overseas business, China Securities International will make all efforts to advance stock research, sales and trading business, and continue to expand famous buy-side institutional clients in order to further develop the Company's overseas research brand.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### **(2) Fixed-income Products Sales and Trading Businesses**

The fixed-income business of the Company covers, among others, proprietary trading, market making, sales, investment advisory and related cross-border businesses in the FICC field, providing all-round, multi-level and one-stop comprehensive services for domestic and foreign customers, and the scope of service covers fields such as interest rates, credits, exchange rates, commodities, structured products and related derivatives. The Company is committed to becoming a reliable product provider, strategy provider and transaction service provider for domestic and overseas clients.

In 2024, the Company's fixed income business actively implemented the national requirements for "Five Major Areas" in Finance, continued to promote the construction of the FICC business system, and comprehensively improved its professional capabilities to serve the high-quality development of the capital market. The Company steadily carried out proprietary investment, continuously enriched the types and strategies of transactions, and expanded the types and scale of overseas investment. Through launching the cross-border wealth management "U.S. Bond Pass" transactions, and H-share "full circulation" valet settlement and sale of foreign exchange, the Company conducted the first batch of carbon assets repurchase transactions in Shanghai carbon market, carbon assets repurchase transactions and the first batch of carbon borrowing transactions in Hubei carbon market, and entered into return swap transactions linked to green bonds, MSME-themed bond index, etc. The Company was honored as Outstanding Member Award (優秀會員獎) of the Shanghai carbon market and the 10th Anniversary of Hubei Carbon Market Pioneer Award (湖北碳市場開市10周年市場先鋒獎). The Company has achieved significant results in serving and contributing to the construction of green finance and inclusive finance. The Company also gained a qualification upgrade to become the primary market maker of China government bond futures, ranking top five in the industry in terms of market making for government bond futures and credit bonds issued on the SSE. The Company was honored the "Northbound Top Market Maker" by Bond Connect Company Limited for three consecutive years. Our bond sales volume ranked 2nd in the industry, and on the basis of maintaining the traditional advantageous position, we actively explored new growth points, and the scale of bond distribution, redemption and resale businesses improved significantly. The scale of investment advisory business grew dramatically, thereby further enhancing our comprehensive customer service capabilities. (Source: Wind Info and statistics of the Company)

For overseas business, China Securities International continued to improve the FICC product matrix and service ecosystem, achieving the steady growth in business scale and maintaining good returns on the premise of controllable risks. Leveraging diversified sales and service system, the Company significantly expanded customer coverage and enhanced customer stickiness. In particular, driven by the rapid development of overseas primary market underwriting business and the continuous enhancement of the ability to customize structured products based on customer needs, the overall sales scale of FICC business of China Securities International reached a new level.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### *Outlook for 2025*

In 2025, the FICC business of the Company will continue to adhere to the business philosophy of “professionalism, customer first, international vision and pursuit of excellence”, and leverage its professional advantages to contribute to the high-quality development of the real economy focusing on the deployment of various national strategies and the development trend of the securities industry. The Company will actively implement the development strategy of “specialization, internationalization and digitalization”, and will strengthen the construction of investment capacity, further explore new opportunities, new modes and new strategies, and prudently make FICC directional and non-directional investments. The Company will continuously enrich products and services for clients, and rely on scientific and technological empowerment to enhance the level of business automation and intelligence; and will strengthen internal and external cooperation and linkage between domestic and international markets to promote the internationalization business to a new level.

For overseas business, China Securities International will further increase trading volume of various fixed income assets, provide strong cross-market liquidity support for domestic and foreign customers and one-stop cross-border transactions solutions, and build a service coordination platform for multi-asset sales. China Securities International will further increase the asset classes, continue to optimize the currency allocation, regional distribution and the currency structure of our asset portfolios, and build a more resilient global asset allocation system.

### **(3) Investment Research Business**

The investment research business of the Company mainly provides institutional clients with research consultation services covering macroeconomy, fixed income, economic and industrial policies, asset allocation, market strategy, financial engineering, and research on industry, companies and other fields. Major clients include mutual funds, insurance companies, National Social Security Fund, banks and bank wealth management subsidiaries, private funds, securities firms, trust companies and other domestic and foreign financial institutions.

In 2024, the successive introduction of a series of policies and regulations such as the new “Nine Guidelines of the State Council”, “Guiding Opinions on Promoting Medium – and Long-Term Funds to Enter the Capital Market” and “Regulations on the Administration of Securities Transaction Fees of Publicly Offered Securities Investment Funds” affected the size and structure of the Company’s commission income from its investment research business in the short term. However, in the medium and long term, as the capital market becomes more active and the scale of various types of institutional investors, such as public equity funds, insurance asset management companies, private equity funds and bank wealth management subsidiaries, continues to expand, it will be conducive to reshaping the industry ecosystem and promoting the healthy development of the industry.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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In 2024, the Company gave full play to research expertise, adapted to the policy and regulatory environment and institutional business development trend, and focused on forward-looking and in-depth research. In addition, it continued to strengthen the synergy among various business lines, accelerated the digital transformation of its research business, and endeavored to provide institutional clients with high-quality and professional research services. The influence of the Company's research brand in the industry continued to grow, which was fully recognized by the market and institutional clients. The Company won the prestigious awards such as Best Local Research Institute or Most Influential Research Institution granted by authoritative media, such as the China Securities Journal, the Shanghai Securities News, and the Securities Times. In the first half of 2024, the Company ranked No. 3 in the industry with a market share of 5.16% in terms of public fund commission fee income (Source: Wind Info). At the same time, the Company also attached importance to its role as a think tank of investment research business. To this end, the Company proactively carried out its research and consultation by focusing on domestic and overseas macro policies, industrial layout, regional development, capital market and other important areas, providing strong intellectual support for the high-quality development of the economy and society as well as the capital market.

As of the end of the Reporting Period, the research department of the Company had a total of 287 members, including research, sales and operation staff, and the research business was divided into 10 industry segments covering 41 research fields. During the Reporting Period, the Company completed a total of 5,966 securities research reports, among which 706 research reports were released to the Hong Kong market (including in Hong Kong separately or Chinese mainland + Hong Kong markets simultaneously), and the Company provided 58,644 online and offline roadshows for institutional customers, conducted 4,730 investigations.

For overseas business, China Securities International will continue to leverage the advantages of integrated domestic and foreign research. While enhancing the depth and breadth of overseas research, it will accurately grasp clients' investment preferences and innovatively launch a variety of distinctive investment research services, including in-depth research on overseas industrial chains. China Securities International also will actively work with the Company's investment banking business line in overseas markets to maximize cross-border business synergy.



## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### *Outlook for 2025*

In 2025, the Company will continue to develop its investment research business by giving top priority to the fundamental interests of the country. The Company will focus on the development of new productive forces, and give priority to “Five Major Areas” in Finance and other key areas. Efforts will be made to further improve research models that could synergy along industry chain, cross-industry, and promote internationalization, and propel the construction of the “three-in-one” intelligent investment research platform of “intelligent research, intelligent data, intelligent Q&A” to continuously improve the depth and quality of domestic and overseas research, and provide high-quality research services for various types of institutional investors. At the same time, the Company will endeavor to promote the research-driven development model and fully leverage the driving force of research to the core businesses of the Company, and continue to enhance research capabilities and decision-making support in key areas of national strategy, so as to better fulfill the function of a think tank.

### **(4) Prime Brokerage Business**

The Company provides market-leading full-chain prime brokerage services to institutional clients, including trading service, account service, product design and agency sales, institutional investment and financing service, asset custody service, product operating service, research service, financing solution and value-added services.

As one of the securities companies that possesses and undertakes the widest range of businesses, and supports most types of prime brokerage systems, the Company has currently supported markets and types of transactions including margin financing and securities lending, stock index futures, commodity futures, stock options, BSE, Southbound Trading and over-the-counter mutual funds to offer its clients with convenience and favorable experience in carrying out various businesses at the same time. The self-developed algorithmic trading platform embedded in the prime brokerage system of the Company maintains an industry-leading algorithmic trading execution efficiency, which is widely recognized and trusted by clients such as banks, insurance companies, mutual funds, private funds, enterprises and high-net-worth individuals, including clients for QFI business. New services such as BSE stocks, Shanghai and Shenzhen REITs and commodity futures algorithm trading have also satisfied customers’ diversified trading needs. The Company’s self-developed special counter for institutional transactions provides financial institutions with independent and more functional trading channels, which is widely recognized by institutional clients such as banks, mutual funds and insurance asset management. In 2024, the Company’s turnover for the prime brokerage business continued to grow, the trading effect of algorithmic trading continued to optimize, and the types and scale of customers continued to expand. As of the end of the Reporting Period, the number of existing customers served in the Prime Brokerage (PB) of the Company was 18,665, representing a YoY increase of 15.72%; a total of 29 mutual fund companies and 10 insurance asset management institutions used the Company’s algorithm trading services in the binding offer, and a total of 234 customers used the agency commissioning service of the Company, with a total of 350 targets traded.



## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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As of the end of the Reporting Period, as 100 mutual funds were in the custody of CSC, the Company ranked No. 2 in the industry in terms of its mutual fund custody quantity. As of the end of the Reporting Period, the Company's total size of fund custody and outsourcing services was RMB968.384 billion, increasing 15.04% YoY. Among them, custody products scale reached RMB467.615 billion and outsourcing products scale reached RMB500.769 billion, increasing 11.37% and 18.69% YoY, respectively.

### *Outlook for 2025*

In 2025, with the aim to constantly satisfy professional and institutional investors' trading needs, the Company will continue to improve its various types of prime brokerage systems and special counter services for institutions, and improve the transaction performance, the transaction completion and the transaction automations through the embedded algorithmic platform, so as to provide more convenient trading experience for clients. The Company will keep abreast of the changes in the market environment and regulatory policy to further build a diversified and personalized professional trading service system, so as to further meet the trading needs of various clients. For custody services, the Company will leverage digital transformation to serve as a bridge and link so as to facilitate resource sharing among various fund managers and fund providers, thus creating a "safe, stable, efficient and win-win" custody outsourcing ecosystem.

### **(5) QFI and WFOE Businesses**

As a domestic broker of QFIs and WFOEs, the Company has accumulated many years of experience in serving foreign clients and has always been committed to providing a full range of one-stop financial services for foreign institutions such as QFIs and WFOEs. In 2024, the Company continuously and deeply explored business opportunities for QFIs and WFOEs through an integrated cross-border institutional sales arrangement, with domestic and overseas teams working collaboratively and providing localized services to clients. The Company enhances client stickiness by leveraging first-class securities research service resources, continuously upgrades and improves the trading system and trading algorithm, continuously optimizes the account opening and trading processes, and enriches the variety of value-added services for non-trading execution, striving to enhance the investment and trading experience of foreign clients. Currently, the Company has established a professional foreign institutional investment and trading service system characterized by rich securities research services, Beijing-Shanghai dual trading centers, advanced trading systems and intelligent trading algorithms.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### *Outlook for 2025*

In 2025, against the backdrop of the state's promotion of high-level opening up of the capital market, the Company will give full play to the regional advantages of China Securities International being located in Hong Kong, deeply promote the development of cross-border integration, and continue to build a diversified network for foreign clients, and intensify coverage of leading foreign institutions. The Company will continue to consolidate its research service capabilities, enhance the functions of its trading system, and continue to optimize its trading links and promote the digital transformation of its business, dedicated to meeting the needs of clients with diversified trading strategies, providing industry-leading securities research and trading services to QFIs and WFOEs and other foreign clients. Meanwhile, the Company will integrate its advantageous resources, actively collaborate to offer high-level, all-round, diversified and differentiated comprehensive financial services to foreign institutional clients, striving to maximize client returns through professional services, taking research business as a fulcrum, and significantly enhance the full-product sales capabilities and full-line service capabilities covering derivatives, margin financing and securities lending, and block trading, etc., to enhance the company's international influence and promote the coordinated development of domestic and overseas businesses.

### **(6) Alternative Investment Business**

In 2024, in the face of the complex macroeconomic situation and changes in the capital market, China Securities Investment actively acted to serve the national strategy as the starting point, centering on the service of the development of new quality productive forces. It has continuously optimized the investment strategy, and strengthened the construction of investment and research capacity. In terms of investment targets, the Company increased investment in strategic emerging industries and future industries. China Securities Investment promoted the implementation of the further explored the investment opportunities on the NEEQ and the BSE, and actively explored the broad investment opportunities of long-term asset allocation, so as to expand the profit drivers of the Company through various measures. During the Reporting Period, China Securities Investment completed 19 project investments with an investment amount of RMB567 million, and completed 13 equity exit projects (excluding co-investment projects on the STAR Market).

### *Outlook for 2025*

In 2025, China Securities Investment will continue to optimize its investment layout and investment strategy, and improve its multi-dimensional investment strategy. While mainly engaged in strategic emerging industries, it will actively position itself in future industries, expand its long-term asset allocation strategy, and make every effort to serve the development of new quality productive forces.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### 4. Asset Management Business Segment

The asset management business segment of the Group mainly includes asset management business of the securities companies, fund management business and private equity investment business.

#### (1) *Asset Management Business of the Securities Companies*

In 2024, the State Council introduced a new “Nine Guidelines of the State Council”, clearly stating the need to strengthen regulation, prevent risks, and enhance the quality and stability of the capital market from multiple aspects. This marks a new phase in China’s financial reform, prompting the asset management industry to focus more on quality and efficiency, and driving the industry towards high-quality development transformation. Facing the market investors’ demand for more diversified and refined asset management services and products, brokerage asset management institutions still need to continuously enhance their professional capacity, improve product innovation capabilities, and strengthen core market competitiveness.

In 2024, when it comes to the asset management business, the Company adhered to the philosophy of finance for the people, upheld the “customer-centric” approach, and significantly enhanced active management capabilities. The Company leveraged the unique advantages of securities asset management, and improved the product line layout to provide comprehensive asset management services for both individual and institutional clients. The customer base will become more diversified and refined, with business development empowered by digitalization, and compliance risk control and operational management capabilities continuously improving. At the same time, the Company advanced the establishment of its asset management subsidiary in an orderly manner.

As of the end of the Reporting Period, the Company’s entrusted asset management scale reached RMB494.858 billion. Specifically, the scale of collective asset management business was RMB112.057 billion, the scale of targeted asset management business was RMB179.605 billion, and the scale of specialized asset management business was RMB203.196 billion. There were a total of 666 products under management.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

The scale of the Company's asset management business was shown in the table below:

Unit: RMB'00 million

Name of Business type	Assets under management	
	December 31, 2024	December 31, 2023
Collective asset management business	1,120.57	1,207.36
Targeted asset management business	1,796.05	1,604.23
Specialized asset management business	2,031.96	1,882.42
Total	4,948.58	4,694.00

Source: Securities Association of China

For overseas business, China Securities International proactively enhanced its active asset management capabilities and client acquisition capabilities, continuously expanding the scale of assets under management. During the Reporting Period, the private fund products under its management delivered outstanding performance. Meanwhile, leveraging its professional investment capabilities and customized service solutions, China Securities International continued to acquire high-quality new clients, laying a solid foundation for the sustainable development of its business.

### Outlook for 2025

In 2025, aiming to develop itself into an all-round asset management organization, the Company will focus on market and customer needs to further improve and enrich the product lines and diversify product layout; and will enhance investment performance by enhancing investment and research capabilities to strengthen in-depth research and increase available strategies and other multiple initiatives. The cross-border integration layout will be further deepened to enhance the ability of cross-border asset allocation. The Company will steadily push forward the establishment of the asset management subsidiaries to create a first-class brokerage asset management brand.

For overseas business, China Securities International will continue to build a full-spectrum asset management product line across multiple asset classes, further develop diversified investment strategies, and deepen its "customer-centric" service philosophy. It will optimize cross-border service processes, enhance global asset allocation capabilities, and strive to become a specialized service hub connecting domestic and overseas capital markets, creating sustainable long-term value for clients.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### **(2) Fund Management Business**

In 2024, the public fund fee reform drove the industry's high-quality development, significantly enhancing investors' sense of gain. Supported by favorable policy environment, rallying market conditions, and improved product performance, investor confidence gradually recovered, and the industry's assets under management steadily increased, repeatedly reaching record highs. Among them, bond funds and monetary funds were the primary drivers of scale growth, with assets under management of ETF funds seeing explosive growth and newly issued fund units surpassing one trillion. Different types of mutual fund products catered to investors' diverse investment needs and varying risk preferences, serving as essential tools for capital allocation and providing strong support for the industry's stable development.

In 2024, China Fund, with mutual funds as its main business, continuously enriched its product lines, actively expanded its sales channels, enhanced its customer service level, and focused on improving the investment performance of its products to continuously generate returns for investors. As of the end of the Reporting Period, assets under management of China Fund amounted to RMB142.179 billion, representing an increase of 51.64% as compared with the end of 2023. Among them, assets of mutual funds under management amounted to RMB94.195 billion, representing an increase of 38.21% as compared with that at the end of 2023; assets under management under special account products of China Fund and its fund subsidiaries amounted to RMB47.984 billion in aggregate, representing an increase of 87.39% as compared with that at the end of 2023. As of the end of the Reporting Period, China Fund managed 59 mutual funds. Among them, 28 funds ranked among the top 50% of the market in terms of return, 22 funds among the top 30%, 19 funds among the top 20% and 6 funds among the top 10%, posting a stable investment performance. (Source: Wind Info and statistics of the Company)

#### *Outlook for 2025*

In 2025, China Fund will continue to adhere to the core principle of prioritizing investors' interests. China Fund will consistently enhance research and investment capabilities and performance, continuously improve quality and efficiency, strengthen internal governance, further expand and enrich the product system through product innovation, and enhance the customer service system to better meet the diverse investment needs of investors, thereby improving customers' sense of gain and happiness.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### (3) *Private Equity Investment Business*

In 2024, China's equity investment market demonstrated strong vitality and enormous potential amid transformation, entering a new stage of high-quality development. The steady transition of the macroeconomy and the powerful drive of technological innovation continuously injected vitality into the market. Investment sectors became increasingly diverse, with strategic emerging sectors such as technology, healthcare, and new energy attracting capital inflows, driving industrial upgrades and innovation breakthroughs. The scale of state-own guidance funds continued to expand, with hundred-billion-yuan-level guidance funds strategically deployed across the industry value chain, providing strong momentum for the market.

In 2024, China Fund will adhere to the strategic orientation of setting sights on the global frontiers of science and technology, the main battleground of the economy, the major needs of the country, and the health and safety of the people. China Fund always adhered to the investment direction in line with the requirements of the "Five Major Areas" in Finance, and focused on the opportunities for future industrial development and investment in strengthening national security, implementing scientific and technological innovation, and promoting high-quality development, etc. It actively contributed to the construction of a strong financial country. In 2024, three of the projects invested by China Capital in the past were listed, and China Capital completed the project investment of over RMB2.2 billion. There were 11 newly increased registered funds, with a newly increased registered scale of RMB12.501 billion ranking third among private equity subsidiaries of brokers. In addition, China Capital participated in the completion of an S fund (private equity secondary market fund) transaction for the first time. As of the end of the Reporting Period, China Capital had 80 registered funds under management with a fund management scale of exceeding RMB77.0 billion.

#### *Outlook for 2025*

In 2025, China Fund will continue to focus on new quality productive forces areas, increase its investments in strategic emerging industries, actively serve the real economy, contribute to the implementation of major national strategies and the construction of security capacity in key areas, and will invest in specialized and sophisticated small-and-medium-sized enterprises that produce new and unique products, etc., so as to satisfy the diversified and comprehensive financial service needs of enterprises.



## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### II. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

#### 1. Innovative and Leading Business System

The Company possesses a balanced and comprehensive investment banking business, and a wealth management business with wide selection of established products that continue to evolve in tandem with continuously advancing investment advisory capabilities. It also has a professional and integrated trading and service for financial institution clients, as well as a rapidly growing and highly potential in comprehensive asset management field. By using an integrated approach to the management of its subsidiaries, the Company is able to maximize resource efficiency, provide comprehensive client services, and drive business development on a larger scale. The innovative, leading, healthy and balanced business system ensures that the Company can quickly seize market opportunities and effectively withstand business fluctuations, which acts as a stabilizer for the Company's sustainable development.

#### 2. Well-structured Client Base

The Company has an industry-leading, well-structured and rational client base. Our client base is mainly composed of leading enterprises, high-quality companies, and a significant number of small and medium-sized enterprises that “use special and sophisticated technologies to produce novel and unique products” in various industries. In addition, the Company works closely with key financial and investment institutions around the area of expertise. The Company provides services to help government clients understand and act well in the capital market, as well as wealth management services for millions of individual clients. In the process of serving corporate, institutional, government, and individual clients, the Company practices the concept of “people's finance”, enhancing client loyalty and solidifying its client base with comprehensive, professional, sincere, and continuously optimized financial services. The well-structured and constantly growing client base is the cornerstone of the Company's healthy development.

#### 3. Comprehensive Channel Network

The Company's comprehensive channel network includes more than 300 physical branches nationwide spread across major cities and potential regions. It has a wholly owned subsidiary in Hong Kong, offering unique professional advantages in providing comprehensive financial solutions and global capital services. The Company has also independently developed an industry-leading intelligent online investment consulting platform, boasting more than 6,000 licensed professional advisors, ensuring a rapid response to online inquiries from clients. The Company is also cultivating a young and professional content team nationwide, aspiring to create a more layered, professional, and attractive content service that integrates online and offline services, ultimately serving as a new growth pole for the Company's channel network.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### 4. Continuously Strengthened Technology Research and Development

For many years, the Company has been advancing digital construction with the standard of “recording everything, analyzing everything, measuring everything, and improving everything”, committed to achieving the identity of the same customer from different business segments around the Company as a whole, and applying the same management for the same business, as well as integrated operational management. It continuously strengthens the deep integration of emerging technologies such as artificial intelligence, big data, cloud computing, and blockchain with business scenarios. The Company is making orderly progress and gradually realizing the intelligentization of customer service, business processing, and operational processes. Continuously strengthened R&D capabilities are the technological foundation for empowering employees, fostering improved management, and enabling businesses to thrive.

### 5. Industry-leading Risk Control and Compliance

The Company has established a scientifically sound, clearly defined rights and responsibilities, strategically forward-looking and comprehensive risk management system and compliance management system that spans the entire process from pre-event to during-event and post-event. The Company is one of the first six pilots to consolidate supervisory undertakings and one of the first companies on the regulatory whitelist in the domestic securities industry. The Company’s risk control and compliance management systems are characterized by prudence and industry-leading practices. These safeguards ensure the Company’s long-term healthy development.

### 6. Corporate Culture of Excellence

Adhering to the core value of “achievements leading to status”, the Company has formed a development experience of “walking the right path, working diligently, seeking simplicity, avoiding fuss.” It adheres to the business philosophy of “Enable Win-win Situations, Facilitate Mutual Benefits”, building a corporate culture rooted in employees, growing together with customers, and developing in tandem with the market. The Company is committed to become a first-class investment bank in China that clients trust, employees respect, and shareholders are satisfied with. It attaches great importance to the training and development of its management and staff, with an excellent, stable and highly professional talent team, including an enterprising management team and a loyal and hardworking workforce.

### 7. Strong Shareholder Background

The Company’s main contributors, Beijing Financial Holdings Group Limited, Central Huijin Investment Ltd., and CITIC Group Corporation, are all large state-owned enterprises with strong capital, mature capital operation experience, rich resources, and high social visibility. They all play a crucial role in supporting national strategies and exploring financial reform.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### III. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY

#### (I) Industry Landscape and Trends

From the macro-economic point of view, China's economy faced a complex and severe situation with great external pressure and many internal difficulties in the past year, and its economic operation faced many challenges. However, the supporting conditions and basic trends of China's economy, such as stable foundation, various advantages, strong resilience, large great potential and long-term improvement have remained unchanged, and high-quality development has been steadily promoted. The year 2025 is an important year for achieving synergistic progression of the economy in terms of both quality and quantity and taking it to new heights. The global development landscape was deeply reshaped, the economic recovery was more differentiated, so the external environment is still unstable and uncertain. With an unchanged fundamental long-term situation of China's economic growth, more than 300 reform measures deployed at the Third Plenary Session of the 20th Central Committee of CPC and a package of incremental policies since the second half of last year will continue to be implemented. Guided by more active and promising macro policies implemented by the Central Economic Work Conference, more active fiscal policies and moderately relaxed monetary policies will focus on expanding domestic demand, promoting the integrated development of technological innovation and industrial innovation, and promoting the positive trend of economic recovery.

From the capital market point of view, a market ecology that pays more attention to investor returns has been further formed with the implementation of the new "Nine Guidelines of the State Council" and the "1+N" policy system for the capital market: firstly, the capital market will pay more attention to investment and financing balance, and give priority to the protection of the lawful rights and interests of investors, especially medium and small investors; secondly, emphasizing the coordination between "stability" and "improvement", focusing on enhancing the internal stability of the capital market, and improving the effective mechanism for maintaining the smooth operation of the capital market; thirdly, improving the quality evaluation standards of listed companies to vigorously promote more investable listed companies.

In such context, the securities industry will present the following characteristics: firstly, the diversified needs of residents for wealth allocation will drive the wealth management business to transform into a personalized and intelligent business, in which the products and services in emerging areas such as pension finance and green finance will become new business growth points. Secondly, the investment banking business will be under pressure affected by the pace of corporate financing, but the demand for equity financing will be gradually released with the economic recovery and the deepening reform of capital market. Thirdly, with the deepening of digital transformation, the application scenarios of financial science and technology in the securities industry have been continuously expanded, and operational efficiency and customer experience have improved comprehensively from intelligent customer service and intelligent investment research, which means digital capabilities will constitute the core competitiveness of securities firms. Fourthly, as the internationalization of Chinese-funded securities firms accelerating, the "export" of Chinese enterprises and "investment in China" of the foreign capital have boosted the internationalization of Chinese-funded securities firms from demand side, and the continuous deepening of the two-way openness in policy of the capital market has also provided better infrastructure and institutional conditions for the internationalization of securities firms. Fifthly, the industry consolidation trend is gradually emerging, certain securities companies optimize their business structures through merger and acquisition and restructuring in optimizing business structure with the acceleration of the construction of a first-class investment bank, and the industry concentration will further increase.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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Looking forward to 2025, the securities industry is expected to accelerate its innovation and transformation in improving its ability to serve the real economy through in-depth practice, and enter a new stage of high-quality development.

### (II) Development Strategies of the Company

The Company strives to be a first-class investment bank in China that clients trust, employees respect, and shareholders are satisfied with. The Company kept its mission of “pooling talents, serving customers, creating value and contributing to society” firmly in mind, and attached great importance to its business philosophy of “putting people first, learning from competitors and learning from history”. The Company insisted on the correct and clear strategic direction, balanced the development speed and quality, put risk management in an important position, insisted on the employment ideality of quality before qualification, and regions without limit, so as to adhere to the path of healthy development. The Company expects to be committed to improving customer service capability, and better serving the national strategies and the real economy through establishing long-term effective strategies, so as to achieve its own high-quality development and that of the securities industry.

In order to materialize the above visions, the Company will consolidate its leading strength in value-creating ability and attach great importance to promoting work on customer development and customer service to improve service quality; strengthen talent strategy to improve team quality; increase capital and fund strength to optimize and improve balance sheet performance; improve information technology capability to promote digital transformation of the Company; keep improving compliance risk control capability to ensure sound development of the Company; keep enhancing modern management and operation capabilities to improve efficiency and benefits.

### (III) Business Plan

In 2025, the concluding year of the “14th Five-Year Plan”, the Company will continue to adhere to and strengthen the leadership of the Party, promote the culture of financial development with Chinese characteristics; further implement inspection and rectification work, and consolidate the effectiveness of audit and rectification; deepen the mechanism of the “Five Major Areas” in Finance to serve the real economy to enhance quality and efficiency; and fully implement the concept of “one customer” to deliver better customer collaborative services; strengthen the coordination and promote the mutual enhancement of wealth management and asset management; boost our Hong Kong business and take a key step in the internationalization layout; solidify the bottom-line thinking and consolidate the risk and compliance management structure; refine the top-level design and enhance the capability of digital transformation; and strengthen the construction of “first-class talents” and the appropriateness of the talent strategy.

For specific business plans for each business line, please refer to “Business Overview” in this section.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### (IV) Capital Requirement

In 2024, the Company's businesses continuously developed in a healthy and orderly manner. During the Reporting Period, in order to meet the needs of business development and according to asset and liability management arrangements, the Company publicly issued three tranches of perpetual subordinated bonds with a total issuance amount of RMB9.9 billion; publicly issued five tranches of corporate bonds with a total issuance amount of RMB15.7 billion; non-publicly issued five tranches of corporate bonds with a total issuance amount of RMB19.9 billion; publicly issued three tranches of short-term corporate bonds with a total issuance amount of RMB9.5 billion; publicly issued 7 tranches of short-term commercial papers of securities companies with a total issuance amount of RMB20.3 billion (as of the end of the Reporting Period, the outstanding balance was RMB20.3 billion); publicly issued one tranche of offshore bonds with an issuance amount of RMB0.5 billion; issued 270 tranches of beneficiary certificates with a total issuance amount of approximately RMB16.0 billion (as of the end of the Reporting Period, the outstanding balance was RMB16.6 billion).

In 2025, the Company will manage the size and structure of liabilities in a scientific manner based on business development needs, maintain a reasonable and healthy gearing ratio, and properly manage liabilities and liquidity.

### (V) Access to and Ability of Financing of the Company

Currently, the Company obtains short-term funds from commercial banks and other investors primarily by using bond repurchases, inter-bank lending, margin refinancing, issuance of beneficiary certificates and other methods, through SSE, national inter-bank market, inter-institutional private equity products quotation and service system, and OTC market in accordance with the relevant policies and regulations of the competent authorities. As of the end of the Reporting Period, as approved by the People's Bank of China, the Company implemented a maximum inter-bank borrowing of RMB53.5 billion, with a sufficient credit line from approved large-scale state-owned joint-stock commercial banks, which effectively guaranteed the funds obtained by the Company through monetary market in a timely manner.

In addition, the Company may, subject to market conditions and its own demands, finance by way of equity financing, placing, rights issue, issuance of corporate bonds, financial bonds, subordinated bonds, perpetual subordinated bonds and private placement bonds, and other methods as approved by the competent authorities.

To maintain the liquidity and profitability of its assets, the Company's proprietary capital is centrally managed by the Treasury Department. There are also a comprehensive management system and corresponding work flows in place. The Company avoids risks by adjusting the structures of its different classes of assets and liabilities in a timely manner and utilizing corresponding financial instruments.



## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### (VI) Potential Risks (Including Implementation of Comprehensive Risk Management and Compliance Risk Control, and Investment in Information Technology)

#### 1. Potential Risks

The major risks to which the Company may be exposed include market risk, credit risk, liquidity risk and compliance risk. Specifically, they include: market risk brought by fluctuations in stock, bond, commodity and foreign exchange markets to investment portfolio of the Company; credit risk brought by insufficient repayment capability of financiers in financing business and counterparties in OTC derivatives business or abnormal decline in the price of securities used as security (pledge or margin) to the Company, and credit risk brought by default or declined credibility of the bond issuer to bond and investment portfolio of the Company; liquidity risk brought by improper asset-liability allocation or cash flow management, inadequate financing channels or insufficient facilities, tight liquidity or soaring funding prices at a specific time point, financing operation errors or significant negative public opinion faced by the Company in the expected context of overall accommodative capital supply; and compliance risk brought by internal control loopholes, violations of regulatory requirement, etc. to the Company. In addition, the Company may be exposed to other risks including strategic risk, operational risk, legal risk, technical risk and reputational risk. The combined effect of above risks will pose certain challenge to the operation of the Company.

#### 2. Implementation of Comprehensive Risk Management of the Company

The Company has attached great importance to risk management. Over more than a decade of exploration and practices, and pursuant to the requirements of regulation rules and self-regulatory rules, including the Measures for the Risk Control Indexes Management of Securities Companies (《證券公司風險控制指標管理辦法》), Regulations for Comprehensive Risk Management of Securities Companies (《證券公司全面風險管理規範》) and various risk management guidelines, the Company has established a relatively complete and comprehensive risk management system and has been officially included in the pilots to consolidate supervisory undertakings by CSRC in March 2020. In 2024, the Company has further improved its comprehensive risk management system for regulating the management mechanism for country-specific risks, ESG risks, etc.; continued to promote the refined management of net capital for enhancing the efficiency of capital utilization; strengthened the investigation, prevention and resolution of risks of customers and projects in key areas, such as local government debt, real estate, small and medium-sized financial institutions; and refined the measures for risk management of the same business and the same customers. Please refer to “Risk Management” in this section for details of the Company’s comprehensive risk management.



## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### 3. Establishment of Dynamic Monitoring System for Risk Control Indicators

Pursuant to the requirements under the Measures for the Risk Control Indexes Management of Securities Companies 《證券公司風險控制指標管理辦法》 issued by the CSRC, in addition to the Management Measures of Risk Control Indicators of the Company 《公司風險控制指標管理辦法》 issued in 2023, the Company amended the Regulations on Dynamic Monitoring the Risk Control Indicators of the Company 《公司風險控制指標動態監控細則》 in 2024, which further standardized the dynamic monitoring mechanism of the risk control indicators. The Company has established a dynamic monitoring and evaluation system for net capital, and designated personnel in charge of daily measuring, monitoring various risk control indicators and risk warnings, in order to timely report and handle various exceptions. Based on the regulatory standards and early warning standards of risk control indicators prescribed by the regulatory authorities and through adding more stringent corporate standards as the monitoring threshold, the Company has formed a three-level early warning (control) standard of risk control indicators primarily based on the early warning line of the Company, the early warning line of the regulatory authorities as well as supervision line of the regulatory authorities, and established and improved the corresponding reporting approaches and response plans to ensure that net capital and other risk control indicators continuously meet the requirements of the regulatory authorities.

The Company has established a net capital replenishment mechanism, clarified the division of responsibilities among relevant departments, and refined the initiation and decision-making procedures for capital replenishment. The Company replenished its net capital by ways of, including but not limited, equity financing, and issuance of subordinated debt and convertible bonds in accordance with the authorization, as well as scientifically managing net capital deductions such as injecting capital to and providing guarantees for subsidiaries. The Company has established a forward-looking adjustment mechanism for risk control indicators to ensure that the risk control indicators are continuously maintained at a robust and compliant level through, among others, replenishing net capital, adjusting the structure of assets and liabilities, as well as reducing the scale of business when abnormal changes or early warning are shown in the risk control indicators.

In 2024, the Company's net capital and other risk control indicators continued to meet the regulatory standards, and the major risk control indicators were at a healthy level and no warning standards were triggered. In accordance with the new regulations on the calculation standards for risk control indicators issued by the regulatory authorities, the Company conducted timely calculation and analysis of the indicators, and upgraded and modified the net capital dynamic monitoring and evaluation system in advance.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### 4. Investments in Corporate Compliance Risk Control and Information Technology

The Company attaches great importance to compliance management and risk management, continuously optimizes and improves the construction of compliance management and comprehensive risk management systems, continuously refines the structure of risk control and compliance personnel, and strengthens internal and external training and exchanges, so as to enhance its professional literacy; the Company promotes the construction of compliance risk control system through a combination of self-development and outsourced procurement, and continuously increases the investment, sets up the “Key Projects” so as to effectively promote the improvement of the timeliness, professionalism and intelligence of compliance risk control. The Company’s investment in compliance risk control mainly includes: investment in compliance risk control personnel, investment in the construction of relevant compliance risk control system and operating expenses of the relevant compliance risk control departments. In 2024, in terms of the parent company, the Company’s total investment in compliance risk control amounted to RMB675.5546 million.

The Company has continued to increase investment in information technology. The Company has continued to invest in areas such as construction and transformation of the environmental infrastructures, continuous improvement and innovative development of system functions on the one hand, and accelerated the promotion of digital transformation on the other hand. The Company has continued to put more efforts in the introduction of information technology talents, focused on cultivating more talents for both self-development and new technologies, and gradually formed the Company’s core information technology competitiveness. The Company’s investment in information technology mainly includes: capital expenditure related to information technology, daily operation and maintenance expenses, leasing and depreciation expenses, and remunerations for information technology personnel. In 2024, in terms of the parent company, the Company’s total investment in information technology amounted to RMB1,519.9625 million.

## IV. FINANCIAL STATEMENT ANALYSIS

### Profitability Analysis

In 2024, the Group realized total revenue and other income of RMB32,216 million, representing a YoY decrease of 5.19%; net profit attributable to equity holders of the Company amounted to RMB7,223 million, representing a YoY increase of 2.68%; basic earnings per Share amounted to RMB0.79, representing a YoY increase of 1.28%; return on weighted average equity was 8.24%, representing a YoY decrease of 0.37 percentage point.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### Asset Structure and Asset Quality

During the Reporting Period, the Company recorded growth in both total assets and total liabilities. The Company maintained more prudent operation, stable structure of assets and liabilities, and sound asset quality and financial position.

As of December 31, 2024, the Group's total assets amounted to RMB566,418 million, representing an increase of RMB43,666 million, or 8.35%, as compared with that as at the end of previous year; after deducting accounts payable to brokerage clients, the Group's total assets amounted to RMB435,776 million, representing an increase of RMB13,948 million, or 3.31%, as compared with that as at the end of previous year. Among which, investment assets, mainly including investments in associates and investments in financial assets, accounted for 68.35% of the total assets; margin accounts and financial assets held under resale agreements accounted for 16.99% of the total assets; cash and bank balances accounted for 10.66% of the total assets; and other assets in aggregate accounted for 4.00% of the total assets.

Please refer to “Financial assets at fair value through profit or loss” in Note 22, “Financial assets at fair value through other comprehensive income” in Note 23 and “Cash and bank balances” in Note 32 to the Consolidated Financial Statements of this annual report for the restriction of main assets as of the end of the Reporting Period.

As of December 31, 2024, the Group's total liabilities amounted to RMB459,899 million, representing an increase of RMB34,673 million, or 8.15%, as compared with that as at the end of previous year; after deducting accounts payable to brokerage clients, the Group's total liabilities amounted to RMB329,257 million, representing an increase of RMB4,955 million, or 1.53%, as compared with that as at the end of previous year. Among which, financial assets sold under repurchase agreements accounted for 34.54% of the total liabilities; short-term borrowings, placements from banks and other financial institutions, short-term financing instruments payable and bonds in issue with maturity within one year accounted for 21.32% of the total liabilities; bonds in issue accounted for 29.72% of the total liabilities; financial liabilities at fair value through profit or loss and derivative financial liabilities accounted for 4.00% of the total liabilities; and other liabilities in aggregate accounted for 10.42% of the total liabilities.

As of December 31, 2024, the Group's equity attributable to equity holders of the Company amounted to RMB106,469 million, representing an increase of RMB8,991 million, or 9.22%, as compared with that as at the end of previous year.

As of December 31, 2024, after deducting accounts payable to brokerage clients, the gearing ratio of the Group was 75.56%, representing a decrease of 1.32 percentage points, as compared with that as at the end of previous year.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

### Cash Flow Status

After deducting the impact of changes in accounts payable to brokerage clients, the Group's net increase in cash and cash equivalents was RMB10,368 million in 2024, as compared to a net decrease of RMB1,942 million for the corresponding period of the previous year, which was mainly attributable to the YoY increase in net cash inflows from operating activities and financing activities.

Net cash inflow from operating activities in 2024 was RMB1,065 million, as compared to a net outflow of RMB10,127 million for the corresponding period of the previous year, which was mainly attributable to the YoY increase in net cash inflow from operating activities arising from changes in financial assets at fair value through profit or loss.

Net cash outflow from investing activities in 2024 was RMB13,322 million, representing a YoY increase of RMB10,667 million, which was mainly attributable to the YoY increase in cash outflow arising from the increase in financial assets at fair value through other comprehensive income.

Net cash inflow from financing activities in 2024 was RMB22,625 million, representing a YoY increase of RMB11,786 million, which was mainly attributable to the YoY increase in cash received from borrowings.

## V. ANALYSIS ON INCOME STATEMENT

### Financial Highlights

In 2024, the Group accomplished a profit before income tax of RMB8,690 million, representing a YoY increase of 3.80%. Major financial highlights of the Group are as below:

Unit: RMB million

Items	2024	2023
Fee and commission income	13,336	14,403
Interest income	8,683	10,118
Net investment gains	7,728	6,842
Other income	2,469	2,616
Total expenses	23,534	25,615
Share of profits of associates	8	7
Profit before income tax	8,690	8,372
Income tax expense	1,455	1,324
Net profit attributable to equity holders of the Company	7,223	7,034

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

### Structure of Total Revenue and Other Income

In 2024, the total operating revenue and other income of the Group amounted to RMB32,216 million, representing a YoY decrease of 5.19%. The structure of revenue remained relatively stable. The revenue structure of the Group in the past five years is as follows:

Items	2024	2023	2022	2021	2020
Fee and commission income	41.40%	42.39%	42.62%	39.35%	44.35%
Interest income	26.95%	29.78%	26.14%	23.02%	23.12%
Net investment gains	23.99%	20.14%	12.43%	20.56%	28.23%
Other income	7.66%	7.69%	18.81%	17.07%	4.30%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

### Fee and Commission Income

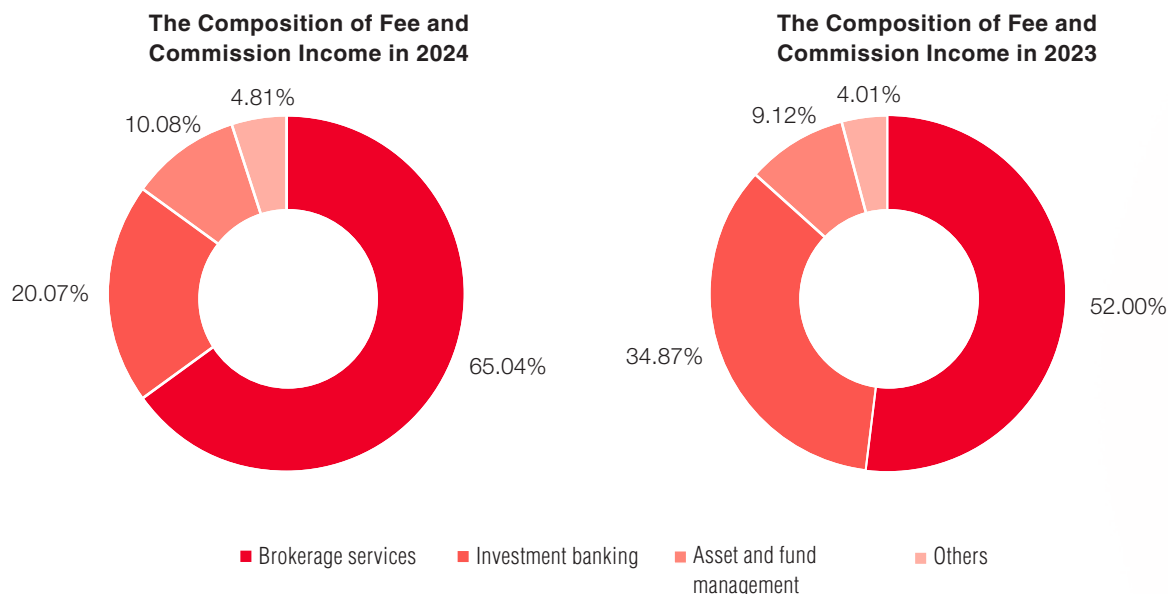
In 2024, the net fee and commission income of the Group amounted to RMB10,141 million, representing a YoY decrease of 15.98%, which was mainly due to the decrease in fee and commission income from investment banking. The composition of fee and commission income of the Group during 2023 and 2024 is as follows:

Unit: RMB million

Items	2024	2023	Change	Change in percentage (%)
Fee and commission income				
– Brokerage services	8,673	7,489	1,184	15.81
– Investment banking	2,677	5,022	-2,345	-46.69
– Asset and fund management	1,344	1,314	30	2.28
– Others	642	578	64	11.07
Fee and commission expenses	3,195	2,333	862	36.95
Net fee and commission income	10,141	12,070	-1,929	-15.98

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

### The Composition of Fee and Commission Income during 2023 and 2024



The fee and commission income from brokerage services increased by RMB1,184 million, or 15.81% YoY, which was mainly due to the YoY increase in the fee income of futures brokerage services and the securities brokerage business.

The fee and commission income from investment banking decreased by RMB2,345 million, or 46.69% YoY, which was mainly due to the YoY decrease in the income of stock underwriting business.

The fee and commission income from asset and fund management increased by RMB30 million, or 2.28% YoY, which was mainly due to the YoY increase in the fee income of fund management business.

Other fee and commission income increased by RMB64 million, or 11.07% YoY, which was mainly due to the YoY increase in the income of investment consultation business during the year.



## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

### Interest Income

In 2024, the net interest income of the Group amounted to RMB786 million, representing a YoY decrease of RMB926 million, or 54.10%. The table below sets out the major composition of the net interest income of the Group during the indicated periods:

Unit: RMB million

Items	2024	2023	Change	Change in percentage (%)
Interest Income				
– Margin financing and securities lending	3,070	3,769	-699	-18.55
– Financial assets held under resale agreements	366	534	-168	-31.46
– Deposits in financial institutions	3,080	3,287	-207	-6.30
– Financial assets at fair value through other comprehensive income (“FVOCI”)	2,133	2,411	-278	-11.53
– Others	34	117	-83	-70.94
Interest expenses				
– Accounts payable to brokerage clients	472	746	-274	-36.73
– Financial assets sold under repurchase agreements	2,677	2,811	-134	-4.77
– Placements from banks and other financial institutions	318	608	-290	-47.70
– Borrowings	45	28	17	60.71
– Bonds in issue and short-term financing instruments payable	4,218	3,918	300	7.66
– Others	167	295	-128	-43.39
Net interest income	786	1,712	-926	-54.10

Interest income from margin financing and securities lending decreased by RMB699 million, or 18.55% YoY, which was mainly due to the decrease in the corresponding interest income arising from the decrease in average scale of margin financing and securities lending and interest rate during the year.

Interest income from financial assets at fair value through other comprehensive income decreased by RMB278 million, or 11.53% YoY, which was mainly due to the decrease in interest income arising from the decrease in yield to maturity of financial assets at fair value through other comprehensive income during the year.

Interest income from deposits in financial institutions decreased by RMB207 million, or 6.30% YoY, which was mainly due to the decrease in the corresponding interest income arising from the decrease in average scale of deposits in financial institutions and interest rate during the year.

Interest expenses decreased by RMB509 million, or 6.06% YoY, which was mainly due to the YoY decrease in the interest expense of placements from banks and other financial institutions and accounts payable to brokerage clients.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

### Net investment gains

In 2024, net investment gains of the Group amounted to RMB7,728 million, representing a YoY increase of 12.95%. The table below sets out the major composition of the investment gains of the Group during the indicated periods:

Unit: RMB million

Items	2024	2023	Change	Change in percentage (%)
Financial instruments at fair value through other comprehensive income ("FVOCI")	472	372	100	26.88
Financial instruments at fair value through profit or loss ("FVPL")	7,787	4,183	3,604	86.16
Derivative financial instruments	-600	2,272	-2,872	-126.41
Others	69	15	54	360.00
Total	7,728	6,842	886	12.95

Net investment gains from financial instruments at fair value through other comprehensive income increased by RMB100 million, or 26.88% YoY. Among them, the investment gains from holding financial instruments at fair value through other comprehensive income increased by RMB61 million, or 1,046.68%.

Net investment gains from financial instruments at fair value through profit or loss increased by RMB3,604 million or 86.16% YoY. Among them, investment gains from disposal of financial instruments at fair value through profit or loss amounted to RMB846 million for the year, as compared to investment losses of RMB1,223 million for the corresponding period last year; investment gains from holding financial instruments at fair value through profit or loss increased by RMB1,535 million or 28.40%.

Net investment gains from derivative financial instruments decreased by RMB2,872 million YoY, which was mainly due to the decrease in gains from holding equity derivative financial instruments.

Other net investment gains increased by RMB54 million YoY, which was mainly due to the increase in net gains attributable to other interest holders of consolidated structured entities.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

### Total Expenses

In 2024, the expenses of the Group (excluding fee and commission expenses and interest expenses) amounted to RMB12,442 million, representing a YoY decrease of RMB2,434 million, or 16.36%.

The table below sets out the major composition of the expenses of the Group during the indicated periods:

Unit: RMB million

Items	2024	2023	Change	Change in percentage (%)
Staff costs	6,309	7,973	-1,664	-20.87
Tax and surcharges	121	130	-9	-6.92
Other operating expenses and costs	5,902	6,895	-993	-14.40
Credit impairment losses/(reversals)	91	-130	221	N/A
Impairment losses on other assets <sup>note</sup>	19	8	11	137.50
Total	12,442	14,876	-2,434	-16.36

Note: The change in percentage is calculated based on rounded amounts, which may be different from the percentage calculated in the A Share Report.

Staff costs for the year decreased by RMB1,664 million, or 20.87% YoY, which was mainly due to the YoY decrease in employee remuneration.

Other operating expenses and costs for the year decreased by RMB993 million, or 14.40%, which was mainly due to the YoY decrease in non-operating expenses.

The credit impairment losses for the year amounted to RMB91 million, as compared to a reversal of RMB130 million for the corresponding period last year, which was mainly due to the increase in the credit impairment losses of margin accounts and the decrease in the reversal of credit impairment losses on financial assets at fair value through other comprehensive income.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets out the composition of the credit impairment losses/(reversals) of the Group during the indicated periods:

Unit: RMB million

Items	2024	2023	Change	Change in percentage (%)
Financial assets at fair value through other comprehensive income ("FVOCI")	-99	-245	146	N/A
Margin accounts	298	84	214	254.76
Financial assets held under resale agreements	-111	–	-111	N/A
Others	3	31	-28	-90.32
Total	91	-130	221	N/A

## VI. ANALYSIS ON FINANCIAL POSITION

### Assets

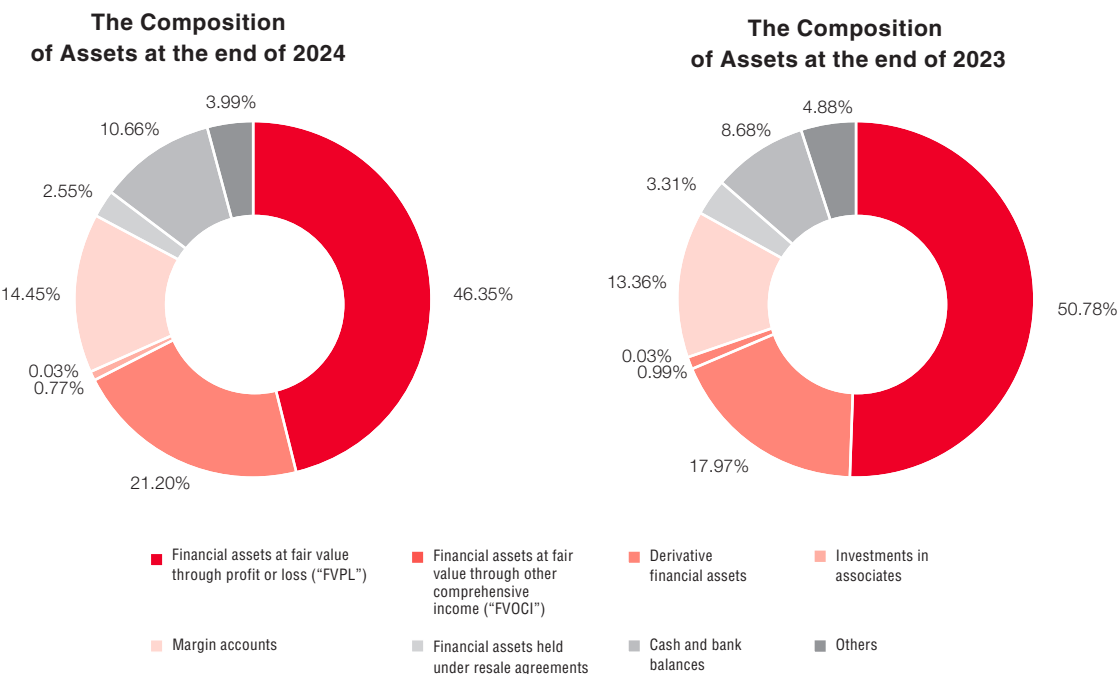
As of December 31, 2024, the total assets of the Group amounted to RMB566,418 million, representing an increase of RMB43,666 million, or 8.35%, as compared with that as at the end of previous year. Excluding the impact of accounts payable to brokerage clients, the total assets of the Group amounted to RMB435,776 million as at December 31, 2024, representing an increase of RMB13,948 million, or 3.31%, as compared with that as at the end of previous year. The changes in major assets of the Group are as follows:

Unit: RMB million

Items	December 31, 2024	December 31, 2023	Change	Change in percentage (%)
Financial assets at fair value through profit or loss ("FVPL")	201,971	214,192	-12,221	-5.71
Financial assets at fair value through other comprehensive income ("FVOCI")	92,381	75,803	16,578	21.87
Derivative financial assets	3,358	4,185	-827	-19.76
Investments in associates	123	115	8	6.96
Margin accounts	62,949	56,393	6,556	11.63
Financial assets held under resale agreements	11,103	13,942	-2,839	-20.36
Cash and bank balances	46,473	36,621	9,852	26.90
Others	17,418	20,577	-3,159	-15.35
Total	435,776	421,828	13,948	3.31

# SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

## The Composition of Assets during 2023 and 2024



## Investments

The investment of the Group primarily comprises financial assets at fair value through profit or loss ("FVPL"), financial assets at fair value through other comprehensive income ("FVOCI"), derivative financial assets, investments in associates, etc.

As of December 31, 2024, the total external investments of the Group amounted to RMB297,833 million, representing an increase of RMB3,538 million, or 1.20%, as compared with that as at the end of previous year.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the investments of the Group and its percentage to total assets (excluding accounts payable to brokerage clients) by category as of the dates indicated:

Unit: RMB million

Items	December 31, 2024		December 31, 2023	
	Amount	Percentage to total assets (%)	Amount	Percentage to total assets (%)
Financial assets at fair value through profit or loss ("FVPL")	201,971	46.35	214,192	50.78
Financial assets at fair value through other comprehensive income ("FVOCI")	92,381	21.20	75,803	17.97
Derivative financial assets	3,358	0.77	4,185	0.99
Investments in associates	123	0.03	115	0.03
Total	297,833	68.35	294,295	69.77

### Financial Asset Investments

As of December 31, 2024, total financial asset investments of the Group amounted to RMB297,710 million, representing an increase of RMB3,530 million, or 1.20%, as compared with that as at the end of previous year, which was mainly due to the increase in fund investments. The composition of the financial asset investments portfolio of the Group is as follows:

Unit: RMB million

Items	December 31, 2024		December 31, 2023	
	Amount	Percentage to total financial asset investments (%)	Amount	Percentage to total financial asset investments (%)
Debt instruments	179,980	60.45	184,655	62.77
Equity investments	41,412	13.91	41,085	13.97
Fund investments	21,480	7.22	15,583	5.30
Derivative financial assets	3,358	1.13	4,185	1.42
Others	51,480	17.29	48,672	16.54
Total	297,710	100.00	294,180	100.00



## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

### Investments in Associates

Unit: RMB million

Items	December 31, 2024	December 31, 2023	Change	Change in Percentage (%)
Investments in associates	123	115	8	6.96

As of December 31, 2024, the Group's investments in associates amounted to RMB123 million, representing an increase of RMB8 million, or 6.96%, as compared with that as at the end of previous year, which was mainly due to the profits of associates during the Reporting Period.

### Cash and Bank Balances

As of December 31, 2024, cash and bank balances amounted to RMB46,473 million, representing an increase of RMB9,852 million or 26.90%, as compared with that as at the end of previous year, which was mainly due to the sum of net cash inflow from operating activities and financing activities exceeding the net cash outflow from investing activities.

Unit: RMB million

Items	December 31, 2024	December 31, 2023	Change	Change in Percentage (%)
Cash and bank balances	46,473	36,621	9,852	26.90

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

### Liabilities

As of December 31, 2024, total liabilities of the Group amounted to RMB459,899 million, representing an increase of RMB34,673 million, or 8.15%, as compared with that as at the end of previous year. Excluding the impact of accounts payable to brokerage clients, total liabilities of the Group amounted to RMB329,257 million as at December 31, 2024, representing an increase of RMB4,955 million, or 1.53%, as compared with that as at the end of the previous year. The following table sets out the composition of the total liabilities of the Group as of the dates indicated:

Unit: RMB million

Items	December 31, 2024	December 31, 2023	Change	Change in percentage (%)
Accounts payable to brokerage clients	130,642	100,924	29,718	29.45
Short-term borrowings, placements from banks and other financial institutions, short-term financing instruments payable and bonds in issue with maturity within one year	70,203	62,230	7,973	12.81
Financial liabilities at fair value through profit or loss	9,105	10,144	-1,039	-10.24
Derivative financial liabilities	4,072	4,361	-289	-6.63
Financial assets sold under repurchase agreements	113,713	129,462	-15,749	-12.16
Bonds in issue	97,859	80,644	17,215	21.35
Others	34,305	37,461	-3,156	-8.42
Total	459,899	425,226	34,673	8.15

As of December 31, 2024, total accounts payable to brokerage clients of the Group amounted to RMB130,642 million, accounting for 28.41% of the total liabilities of the Group, and representing an increase of RMB29,718 million, or 29.45%, as compared with that as at the end of the previous year.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the Group's accounts payable to brokerage clients by geographical locations and types of customers as of the dates indicated:

*Unit: RMB million*

Items	December 31, 2024	December 31, 2023	Change	Change in percentage (%)
Mainland China	128,578	99,603	28,975	29.09
– Individual	80,892	51,303	29,589	57.67
– Institutions	47,686	48,300	-614	-1.27
Outside Mainland China	2,064	1,321	743	56.25
Total	130,642	100,924	29,718	29.45

As of December 31, 2024, short-term borrowings, placements from banks and other financial institutions, short-term financing instruments payable and bonds in issue with maturity within one year amounted to RMB70,203 million in aggregate, representing an increase of RMB7,973 million, or 12.81%, as compared with that as at the end of the previous year, which was mainly due to the YoY increase in bonds in issue with maturity within one year and short-term borrowings.

As of December 31, 2024, financial assets sold under repurchase agreements amounted to RMB113,713 million, representing the decrease of RMB15,749 million, or 12.16%, as compared with that as at the end of previous year, which was mainly due to the YoY decrease in the ending balance of financial assets sold under repurchase agreements through collateralized treasury bonds.

As of December 31, 2024, the Group's bonds in issue amounted to RMB97,859 million, representing an increase of RMB17,215 million, or 21.35%, as compared with that as at the end of previous year, which was mainly due to the YoY increase in the ending balance of issued corporate bonds.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

### Equity

As of December 31, 2024, the total equity of the Group amounted to RMB106,519 million, representing an increase of RMB8,993 million, or 9.22%, as compared with that as at the end of the previous year, which was mainly attributable to the profits for the year and the issuing of other equity instruments. The following table sets out the composition of the Group's total equity as of the dates indicated:

*Unit: RMB million*

Items	December 31, 2024	December 31, 2023
Share capital	7,757	7,757
Other equity instruments	29,826	24,907
Capital reserve	12,371	12,417
Surplus reserves	7,874	7,064
General reserves	16,893	15,273
Investment revaluation reserve	1,028	517
Foreign currency translation reserve	481	394
Retained earnings	30,239	29,149
Non-controlling interests	50	48
Total	106,519	97,526

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

### VII. ANALYSIS OF PRINCIPAL SUBSIDIARIES

Name	Shareholding of the Company	Date of establishment	Registered capital	Office address	Registered address	Contact number
China Futures	100%	March 16, 1993	RMB1,400 million	Hilton Business Center, No. 131, Zhongshan 3rd Road, Yuzhong District, Chongqing (重慶市渝中區中山三路131號希爾頓商務中心)	27/F and 30/F, Hilton Business Center, No. 131, Zhongshan 3rd Road, Yuzhong District, Chongqing (重慶市渝中區中山三路131號希爾頓商務中心27樓·30樓)	023-86769605
China Capital	100%	July 31, 2009	RMB3,500 million	Hong'an International Building, 188 Chaoyangmen Inner St, Dongcheng District, Beijing (北京市東城區朝陽門內大街188號鴻安國際大廈)	Room 2, East Side, 6/F, 188 Chaoyangmen Inner St, Dongcheng District, Beijing (北京市東城區朝陽門內大街188號6層東側2間)	010-56121567
China Securities International	100%	July 12, 2012	Paid up capital of HK\$4,000 million	Two Exchange Square, 8 Connaught Place, Central, Hong Kong	18/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong	+852-34655600
China Fund	100%	September 9, 2013	RMB450 million	Hong'an International Building, 188 Chaoyangmen Inner St, Dongcheng District, Beijing (北京市東城區朝陽門內大街188號鴻安國際大廈)	Unit 1, Building No. 3, Balongqiao Yayuan, Qiaozi Town, Huairou District, Beijing (北京市懷柔區橋梓鎮八龍橋雅苑3號樓1室)	010-59100288
China Securities Investment	100%	November 27, 2017	RMB6,100 million	Hong'an International Building, 188 Chaoyangmen Inner St, Dongcheng District, Beijing (北京市東城區朝陽門內大街188號鴻安國際大廈)	Unit 109, Block C, Beijing Fund Town Center, No. 1 Jinyuan Avenue, Changgou Town, Fangshan District, Beijing (北京市房山區長溝鎮金元大街1號北京基金小鎮大廈C座109)	010-56014168

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### 1. China Futures

As of December 31, 2024, total assets and net assets of China Futures amounted to RMB39,890 million and RMB3,991 million, respectively; in 2024, China Futures realized a total revenue and other income of RMB5,390 million and a net profit of RMB451 million.

The principal businesses of China Futures include: commodity futures brokerage, financial futures brokerage, futures investment consultation, asset management and fund sales.

### 2. China Capital

As of December 31, 2024, total assets and net assets of China Capital amounted to RMB4,202 million and RMB2,644 million, respectively; in 2024, China Capital realized a total revenue and other income of RMB185 million and a net profit of RMB14 million.

The principal businesses of China Capital include: project investment, investment management, asset management and financial advisory (excluding intermediaries).

### 3. China Securities International

As of December 31, 2024, total assets and net assets of China Securities International amounted to RMB39,420 million and RMB4,198 million, respectively; in 2024, China Securities International realized a total revenue and other income of RMB1,652 million and a net profit of RMB321 million.

The principal businesses of China Securities International include: holding and investment, and its subsidiaries might engage in businesses including securities brokerage, asset management, corporate finance, investment consultation, futures trading, proprietary investment and insurance brokerage.

### 4. China Fund

As of December 31, 2024, total assets and net assets of China Fund amounted to RMB1,036 million and RMB862 million, respectively; in 2024, China Fund realized a total revenue and other income of RMB365 million and a net profit of RMB50 million.

The principal businesses of China Fund include: fund raising, fund sales, specific customer asset management, asset management and other business approved by the CSRC.

### 5. China Securities Investment

As of December 31, 2024, total assets and net assets of China Securities Investment amounted to RMB6,404 million and RMB5,579 million, respectively; in 2024, China Securities Investment realized a total revenue and other income of RMB-137 million and a net loss of RMB127 million, which was mainly due to the impact of change of fair value from financial assets at fair value through profit or loss.

The principal businesses of China Securities Investment include: investment management, equity investment and management, investment consultation (excluding intermediaries) and project investment.



## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

### VIII. INFORMATION OF SECURITIES BRANCHES

No.	Branch	Date of establishment	Registered address	Contact number
1	Hubei Branch	February 6, 2012	3/F, Block A, Longyuan Building, 24 Zhongbei Road, Wuchang District, Wuhan City, Hubei Province	027-87890128
2	Shanghai Branch	February 6, 2012	Nos. 01, 02, 06, 07, 18/F, Block T2, No. 398 Huoshan Road, Yangpu District, Shanghai	021-55137961
3	Shenyang Branch	February 7, 2012	No. 1, 12/F, 61 Beizhan Road, Shenhe District, Shenyang City, Liaoning Province	024-22556761
4	Jiangsu Branch	February 13, 2012	1/F and 2/F, Huanghe Building, 58 Longyuan West Road, Gulou District, Nanjing City	025-83156571
5	Hunan Branch	March 1, 2013	No. 9, Furong Middle Road Section 2, Furong District, Changsha City, Hunan Province	0731-82229568
6	Fujian Branch	April 16, 2013	3/F, Wuyi Center, 33 East Street, Gulou District, Fuzhou City, Fujian Province	0591-87612358
7	Zhejiang Branch	April 18, 2013	Room 604, 6/F, 225 Qing Chun Road, Shangcheng District, Hangzhou City, Zhejiang Province	0571-87067245
8	Northwest Branch	April 19, 2013	No. 56 Nanda Street, Beilin District, Xi'an City, Shaanxi Province	029-87265999-202
9	Guangdong Branch	April 24, 2013	Rooms 6804 and 6805, No. 233 Tianhe North Road, Tianhe District, Guangzhou City (Office only)	020-38381917
10	Chongqing Branch	April 14, 2014	2-2, Block 2, Yijing Fenghao, 195 Longshan Road, Longshan Avenue, Yubei District, Chongqing City	023-63624398
11	Shenzhen Branch	April 21, 2014	35E, Radio and Television Financial Center, No. 1 Pengcheng Road, Futian District, Shenzhen City	0755-23953860
12	Sichuan Branch	April 25, 2014	No. 25, South Third Section, First Ring Road, Wuhou District, Chengdu City, Sichuan Province	028-85576963
13	Shandong Branch	May 23, 2014	11/F, Block 4, 8 Long'ao North Road, Lixia District, Jinan City, Shandong Province	0531-68655601
14	Jiangxi Branch	May 28, 2014	Unit 05, 30/F, Block 2#, Heping International Hotel, 69 Yanjiang North Avenue, Donghu District, Nanchang City, Jiangxi Province	0791-86700091
15	Henan Branch	June 3, 2014	2/F, Zhonghua Mansion, 3 Shangwu Outer Ring Road, Zhengzhou District (Zhengdong), Henan Pilot Free Trade Zone	0371-69092409
16	Shanghai Free Trade Zone Branch	September 26, 2014	Room 2206, North Building, 528 South Pudong Road, China (Shanghai) Free Trade Zone	021-68801573
17	Tianjin Branch	November 10, 2014	No. 389, Jiefang South Road, Hexi District, Tianjin	022-23660571
18	Beijing Hongyi Branch	March 19, 2019	Room 920, Unit 05, 9/F, Block B, No. 2 Chaoyangmen Inner St, Dongcheng District, Beijing	010-65726085
19	Hainan Branch	December 29, 2020	1/F and 2/F, Yindu Building, No. 38 Haifu Avenue, Haikou City	0898-65357208
20	Ningxia Branch	December 30, 2020	Room 101 (Maisonette), No. 25 Commercial Building, Zhongying Yujing Phase II, No. 515 Fenghuang North Street, Xingqing District, Yinchuan City, Ningxia (self-declaration)	0951-6737057
21	Guizhou Branch	December 31, 2020	No. 2, 1-8/F, No. 13, Yan'an Middle Road, Yunyan District, Guiyang City, Guizhou Province	0851-83879300

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

No.	Branch	Date of establishment	Registered address	Contact number
22	Jilin Branch	January 5, 2021	2nd Floor, Podium Building, Zhengrong Building, No. 621 Changchun Street, Nangan District, Changchun City	0431-81939388
23	Shanxi Branch	January 7, 2021	7/F, Crown Tower, 252 Xinjian Road, Xing Hua Ling District, Taiyuan City	0351-4073321
24	Heilongjiang Branch	January 8, 2021	No. 99, Zhongyi Street, Daoli District, Harbin City, Heilongjiang Province (Baishun Fenghua Apartment)	0451-87536666
25	Xinjiang Branch	January 12, 2021	No. 446, Nanhu North Road, Shuimogou District, Urumqi City, Xinjiang	0991-4165678
26	Gansu Branch	January 12, 2021	Room 001, 2/F, Block B, Yongli Building, No. 58 Gaolan Road, Chengguan District, Lanzhou City, Gansu Province	0931-8826000
27	Inner Mongolia Branch	January 12, 2021	Room 101, Building 105, Yuan Yi Xin Jia Yuan, Wulanchabu East Road, Saihan District, Hohhot City, Inner Mongolia Autonomous Region	0471-6248166
28	Guangxi Branch	January 14, 2021	No. 07, Building 1, No. 1 Lingshijun, No. 10 Zhongwen Road, Qingxiu District, Nanning City, Guangxi	0771-5772676
29	Beijing Dongcheng Branch	January 15, 2021	No. 6 Dongzhimen South Street, Dongcheng District, Beijing	010-64156666
30	Anhui Branch	January 15, 2021	Rooms 113&114, Building 1 and 2, Fengle Century Apartment, No. 499, Chang Jiangxi Road, Shushan District, Hefei City, Anhui Province	0551-65501717
31	Qinghai Branch	January 18, 2021	No. 26-2, Building 1, No. 126, Xiguan Street, Chengxi District, Xining City, Qinghai Province	0971-8276771
32	Beijing Chaoyang Branch	January 20, 2021	Unit 4, No. 66 Anli Road, Chaoyang District, Beijing	010-56326080
33	Beijing Haidian Branch	January 20, 2021	Room 108 on 1/F, and the entire second floor of No. 18 Danling Street, Haidian District, Beijing	010-82666923
34	Beijing Jingnan Branch	January 26, 2021	Meiyuan Market South Section, No. 15, Nanda Hongmen Road, Fengtai District, Beijing	010-68759957
35	Beijing Jingxi Branch	January 29, 2021	No. 39, Sanlihe Road, Haidian District, Beijing	010-58739666
36	Yunnan Branch	February 2, 2021	2/F, Hydropower Technology Building, No. 115, Renmin East Road, Panlong District, Kunming City, Yunnan Province	0871-63117584
37	Hebei Branch	February 9, 2021	Room 601 and Shops 101 and 102, Office Building 1, Wufang Building, 88 West Street, Chang'an District, Shijiazhuang City	0311-86682430
38	Ningbo Branch	October 9, 2021	Room (3-1), No. 562, Zhenming Road, Haishu District, Ningbo City, Zhejiang Province	0574-87705128
39	Xiamen Branch	June 8, 2022	Units 01, 02 and 03, 8/F, Xiamen Century Center, No. 50 Minzu Road, Siming District, Xiamen City	0592-2075995
40	Suzhou Branch	June 13, 2022	Rooms 101 & 501, Xinghai International Business Plaza, No. 200 Xinghai Street, Suzhou Industrial Park	0512-67152188

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

No.	Branch	Date of establishment	Registered address	Contact number
41	Qingdao Branch	July 1, 2024	No. 49, Nanjing Road, Shinan District, Qingdao	0532-82650714
42	Changzhou Branch	July 10, 2024	Nos. 23, 25, 27 and 29, Yanling West Road, Changzhou	0519-88854580
43	Wuxi Branch	July 10, 2024	No. 88-1, Xinjiangnan Garden, Wuxi City	0510-81811155
44	Quanzhou Branch	July 12, 2024	1st Floor, West Podium, Huangxing Building, Middle Section of Fengze Street, Fengze District, Quanzhou	0595-28391976
45	Dalian Branch	August 15, 2024	No. 20, Yide Street, Zhongshan District, Dalian	0411-82658669

*Note:* For the establishment of the above branches, the date of obtaining the “License to Operate Securities and Futures Business” 《經營證券期貨業務許可證》 shall prevail for any occurrence after January 1, 2020.

### IX. EXPLANATION IN SCOPE OF STATEMENT CONSOLIDATION

As of December 31, 2024, the Company had a total of 13 structured entities included in the first-level consolidation scope of the financial statements. There were 18 first-level entities included in the consolidation scope of the financial statements of the Company.

### X. NO CHANGE IN THE INCOME TAX POLICY OF THE COMPANY DURING THE REPORTING PERIOD

From January 1, 2008, the Enterprise Income Tax Law of the PRC 《中華人民共和國企業所得稅法》 and the Regulations on the Implementation of Enterprise Income Tax Law of the PRC 《中華人民共和國企業所得稅法實施條例》 became effective for the Company. Income tax computation and payment are governed by the Announcement of the State Administration of Taxation on Printing and Distributing Administrative Measures for Collection of Consolidated Payments of Enterprise Income Tax by Enterprises with Multi-Location Operations (Public Notice of the State Administration of Taxation [2012] No. 57) 《國家稅務總局關於印發〈跨地區經營匯總納稅企業所得稅徵收管理辦法〉的公告》 ([2012]57號)). The PRC Enterprise income tax rate applicable to the Company is 25%.

Subsidiaries shall be charged at the applicable tax rate based on their tax residency status and preferential tax policies.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### XI. PROFIT DISTRIBUTION POLICY OF THE COMPANY

#### (I) Formulation, Implementation or Adjustment of Cash Dividend Policy

The Articles of Association has set out the basic principles of the profit distribution policy and specific policy and provided that “the Company shall give priority to the distribution of dividends in cash”, and “provided that the Company does not have material investment plans, major cash expenses, etc. and that the capital needs for normal operation of the Company are met, the profits distributed by the Company in cash shall not be less than 10% of the distributable profits of the same year, and within any consecutive three years, the accumulated profit distribution in cash shall not be less than 30% of the average annual distributable profit for those three years”.

The Company attaches much importance to providing reasonable returns to investors and maintaining the continuity and stability of the Company’s profit distribution policy, while taking into account the Company’s long-term interests, the overall interests of all Shareholders and the Company’s sustainable development. Development and execution of profit distribution policy of the Company, in particular cash dividend policy, are in strict compliance with relevant provisions of the Articles of Association and procedures of consideration, with clear standards and proportion of dividends and well-established decision-making procedures and mechanism.

On June 28, 2024, 2023 profit distribution plan of the Company was considered and approved at the 2023 annual general meeting, i.e., cash dividends of RMB2.50 (tax inclusive) distributed for every 10 Shares. This plan was fully implemented by August 22, 2024. This profit distribution involved cash dividends representing 32.05% of net profit (excluding interest on perpetual subordinated bonds) attributable to equity holders of the Company in the consolidated statements for 2023, which complied with the provisions of the Articles of Association.

On November 5, 2024, 2024 interim profit distribution plan of the Company was considered and approved at the 2024 Third Extraordinary General Meeting, i.e., cash dividends of RMB0.90 (tax inclusive) distributed for every 10 Shares. This plan was fully implemented by December 27, 2024. This profit distribution involved cash dividends representing 30.27% of net profit (excluding interest on perpetual subordinated bonds) attributable to equity holders of the Company in the consolidated statements for the first half of 2024, which complied with the provisions of the Articles of Association.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### (II) 2024 Final Profit Distribution Budget

Based on an overall consideration of the long-term development of the Company and the interests of Shareholders, the 2024 final profit distribution plan is as follows:

The Company proposes to distribute in the form of cash dividends, on the basis of 7,756,694,797 Shares in the total share capital as at December 31, 2024, RMB1.65 (tax inclusive) for every 10 Shares to all the Shareholders, amounting to RMB1,279,854,641.51 (tax inclusive) in aggregate.

On November 5, 2024, the 2024 third extraordinary general meeting of the Company considered and approved the 2024 interim profit distribution plan, namely, the distribution of cash dividends of RMB0.90 (tax inclusive) for every 10 Shares. The total amount of cash dividends distributed was RMB698,102,531.73 (tax inclusive). The plan was completed in December 2024. Accordingly, the total cash dividends distributed by the Company for the year (including the interim distributed amount and the proposed final distribution amount) is RMB1,977,957,173.24 (tax inclusive), representing 32.13% of the net profit (excluding interest on perpetual subordinated bonds) attributable to equity holders of the Company in the consolidated statements for 2024.

Cash dividends are denominated and declared in RMB and payable in RMB to the A Shareholders and in Hong Kong dollars to the H Shareholders. The actual amount declared in Hong Kong dollars will be calculated based on the average of the intermediate exchange rate for conversion of Hong Kong dollars to RMB as announced by the People's Bank of China one calendar week prior to the date of convening the 2023 annual general meeting of the Company.

After the budget is considered and approved at the Shareholders' general meeting, the Company will distribute cash dividends within two months after the date of convening the Shareholders' general meeting. The dividend is expected to be paid by the Company around Thursday, August 21, 2025. The Company will make further announcements on equity registration date, specific date of distribution and other matters in relation to this dividend distribution.

## XII. RISK MANAGEMENT

### (I) Overview

The Company attaches great importance to the formation of a risk management system all the time. The Company adheres to the strategic policy of healthy development and establishes the business philosophy of putting risk management in an important position and "risk management as priority, risk management by all". The Company's risk management is in line with the Company's general operating strategic goal, ensures that the risks are measurable, controllable and bearable, and obtains reasonable risk returns. The Company continues to enhance its comprehensive risk management system in accordance with the needs arising from its business development, market condition changes and the regulatory requirements, so as to enhance group risk management capability. During the Reporting Period, the Company's comprehensive risk management mechanism remained sound and operated effectively, and the overall risk was measurable, controllable and bearable.



## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### (II) Structure of Risk Management

The Board of Directors is the Company's ultimate decision-making body for risk management. The executive management is the executive body, while different units are responsible for directly managing the risks in their business or management. The Company has three dedicated risk control departments, namely the Risk Management Department, the Legal and Compliance Department and the Audit Department, which independently exercise risk control and supervision functions from pre-event to during-event and post-event, according to their respective roles and responsibilities.

The Board of Directors makes decisions with respect to, among others, strategies and policies on the Company's risk management, risk management rules and procedures, internal control arrangements, and resolution of significant risk events of the Company. The Supervisory Committee carries out supervision on the performance of risk management duties of the Board of Directors, Executive Committee and senior management in accordance with laws, regulations and the Articles of Association.

The Risk Management Committee under the Board of Directors is responsible for supervising the overall risk management of the Company in general and making them under a reasonable control so as to ensure that the Company can carry out effective risk management for various risks related to its operating activities. The Risk Management Committee under the Board of Directors considers and advises the overall objectives and basic policies of compliance management and risk management; confirms the specific constitution of risk management strategies and risk management resources so that they are compatible with the risk management policies of the Company; formulates tolerance level for major risks; and supervises and reviews the relevant risk management policies and makes recommendations to the Board.

The Supervisory Committee bears the supervision responsibility of overall risk management, is responsible for supervising and inspecting the performance of duties of the Board of Directors and Executive Committee of the Company in risk management, and urges rectification.

The Executive Committee makes decisions with respect to, among others, the prevention, control, mitigation, or acceptance of risks in its business management and reviews, among others, rules and control measures on improving the Company's internal control in accordance with the risk management policies determined by the Board.

The Risk Management Committee under the Executive Committee is responsible for determining the Company's risk appetite, risk tolerance level, overall risk limits, important specific risk limits and risk control standards; formulating and promoting the implementation of the Company's risk management rules and procedures; reviewing and approving risk limits and risk control standards specific to each business line; reviewing new business and new products; conducting research on risk control strategies and plans for major business matters.

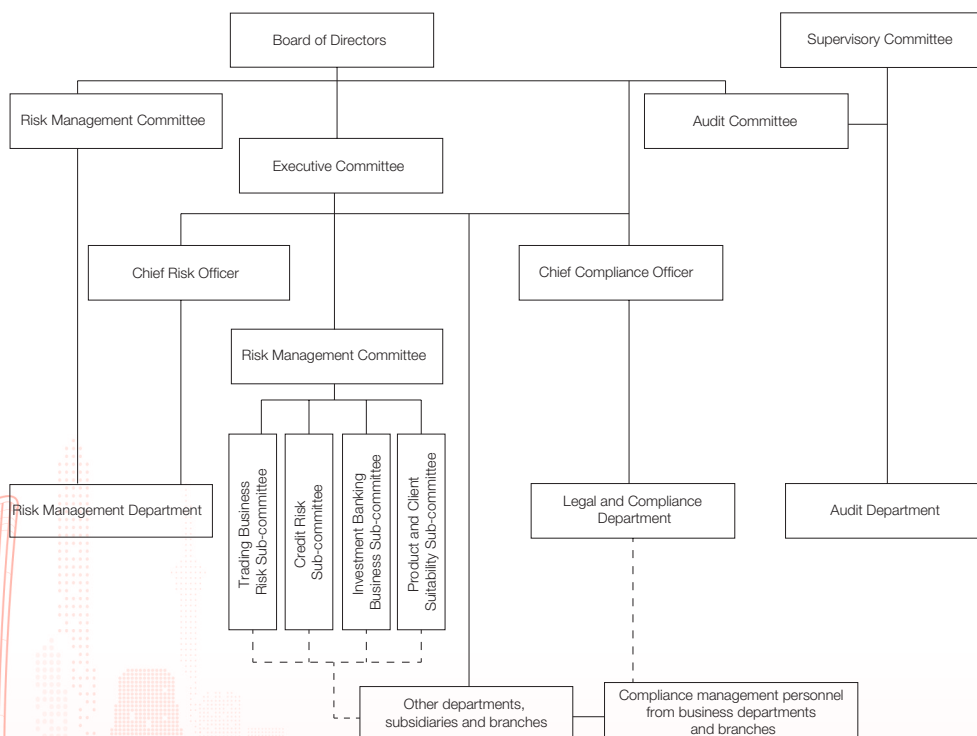


## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

The Chief Risk Officer of the Company is responsible for leading the overall risk management professional work, organizing the formulation of relevant risk management rules and procedures, improving the Company's risk management systems, and guiding the Risk Management Department in the identification, evaluation, monitoring, reporting and other works of various risks.

Each and every department and branch of the Company, within their respective roles and responsibilities, is responsible for following the rules and procedures, and risk control polices of the Company, and implementing risk-control measures and engaging in direct risk control efforts in their business activities, and the person in charge is the first person responsible for risk management of the unit; each employee of the Company is responsible for the effectiveness of risk management through diligence, prudence and timely reporting.

The Company has specifically established the Risk Management Department responsible for risk management, the Legal and Compliance Department responsible for legal affairs and compliance management, and the Audit Department responsible for the internal audit activities. The aforementioned three departments are independent from other business departments and management departments, establish their own working systems, standardize the business processes, operate independently, and perform their respective risk management functions. Specifically, the Risk Management Department is responsible for risk management before and during the event through risk monitoring and assessment, the Legal and Compliance Department is responsible for managing the overall legal and compliance risks, and the Audit Department is responsible for conducting audits to identify material defects in key rules and procedures and processes or internal control weakness, and urging rectification.



## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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In addition, the Company has set up the Investment Banking Internal Inspection Department. Through company-level review, the Company conducted export management and terminal risk control of investment banking projects, performed ultimate approval and decision-making functions for the materials and documents submitted, reported, issued or disclosed in the name of the Company, and strengthened risk management for investment banking business.

### (III) Risk Management Mechanism

The Company's Risk Management Department works with business and management departments to identify major risks during the course of different business and management activities, explicit key control measures, issue the Risk Catalogue and Key Control List of the Company, and continue to improve the same in light of business changes and monitoring findings.

The Company establishes a before-the-event risk control mechanism. It focuses on each of the main business lines to formulate specific risk limits and risk control standards, and has explicit procedures of risk control; the Risk Management Department and the Legal and Compliance Department have participated in the review of new business and new products, have participated in the before-the-event review and evaluation for important projects and the business system, and have expressed their opinions independently; important risk control parameters in the business system are directly under the management and control of the Risk Management Department, which conducts independent verification for valuation model of financial instruments before launch.

The Risk Management Department formulates the risk monitoring processes and monitoring indicators for key business and management. Among which, risk monitoring indicators for brokerage business, proprietary business, securities financing business and asset management business as well as risk control indicators including net capital are monitored through the monitoring system, while other business or management primarily relies on regular and ad hoc monitoring through on-site monitoring, risk information reporting, data access, communication at regular meetings and other means. Main businesses of subsidiaries fall within the scope of monitoring.

The Company formulates operational process for risk assessment, and determines main assessment methods and qualitative and quantitative risk rating criteria for various types of risks. The Risk Management Department rates and assesses the risk matters on an ongoing basis, evaluates the control of major business risks on a regular basis, and conducts comprehensive year-end assessments for the risk control process, risk events and risk incidents, and the risk-adjusted income level of the departments and branches, with the assessment results as a key component of their performance assessment.

The Company has formulated guidelines for managing and controlling various types of risk, including market risk, credit risk, operational risk, liquidity risk, reputation risk and information technology risk, in order to guide and regulate the response to risks in various business lines. The Company has established crisis management mechanism and programs, formulated effective contingency measures and plans for various businesses, especially establishing emergency response mechanism for key risks and emergencies such as liquidity crisis and failures on transaction system, and conducted regular and irregular drills.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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The Company has built an information transmission mechanism for risk information and significant risk warnings, and conducted risk information transmission, management and significant risk warning works. The Risk Management Department formulates operational procedures for risk information submission and risk warnings, and the departments and branches report or warn risks identified by themselves to the Risk Management Department. The Risk Management Department then manages the risk information, performs comprehensive analyses on various risk information of the Company to identify risk control weaknesses and loopholes and propose recommendations on improving risk control, reports significant risks to the Chief Risk Officer of the Company and Risk Management Committee or executive management of the Company timely, communicates risk information to relevant departments timely at the same time, and tracks risk handling status. The Risk Management Department prepares risk reports and risk control recommendation reports according to the results on risk identification, monitoring and assessment, and reports the findings to involved departments and the executive management of the Company. The Risk Management Department continuously monitors risks and the risk control status by following up on the implementation of risk control recommendations proposed by relevant departments on the risk reports.

The Legal and Compliance Department participates in the pre-event and during-event management for business lines, and controls legal and compliance risks through a series of compliance management methods, including compliance consultation, compliance review, compliance inspection, compliance supervision, compliance reporting, complaint and dispute handling, compliance accountability, information segregation wall and anti-money laundering, as well as contracts, litigation management and other methods.

The Audit Department detects material defects in key rules and procedures and processes or internal control weaknesses through audits, reports these issues to the Supervisory Committee, the Audit Committee of the Board, executive management, the Legal and Compliance Department and the Risk Management Department, and urges rectification.

During the Reporting Period, as a pilot securities firm to implement supervision over consolidated statements, the Company continued to strengthen the vertical management and control of domestic and overseas subsidiaries and the group integrated management in accordance with regulatory requirements, and continued to optimize risk management and control for new business and products, the risk management for OTC derivatives business, the ESG risk and country risk management, the construction of risk management system and other aspects, resulting in further improvement of risk identification and management and control capabilities of the Company.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### (IV) Details of the Major Risks and Management Associated with the Operation of the Company

The risks in the daily operating activities of the Company primarily include strategic risk, credit risk, liquidity risk, market risk, operational risk, information technology risk, legal risk and compliance risk, reputation risk and other risks. The Company has established corresponding policies and procedures to identify and analyse these risks, and set out appropriate risk limits and internal control processes, in order to effectively monitor and control risks above through sound control mechanisms and information technology systems. The major risks and risk management of the Company during the Reporting Period are as follows:

#### 1. Strategic Risk Management

Strategic risks refer to the risks that affect the Company's overall development direction, corporate culture, information and capability of survival or corporate effectiveness.

Based on serving the real economy and serving national strategies, the Company implements national financial policies, relies on the development environment of the capital market with Chinese characteristics, and takes the Company's core values, development vision and goals as the internal guidelines for formulating various strategic plans, practices the political and people-oriented nature of financial work, gives full play to its functions and pursues high-quality development; the Company establishes rational organizational structure of strategic management, improves the strategic management mechanism, and clarifies the procedures and methods for formulating and executing the strategic planning; the Company establishes assessment mechanism for strategic risk, pays close attention to the macroeconomic situation at home and abroad, the status of the industry, national industrial policies, scientific and technological progress, technological innovation, strategic partners, competitors and market demand, and identifies, analyses and evaluates strategic risks; based on the assessment on the implementation of strategic planning, the Company will make adjustments or take targeted measures to effectively prevent and control strategic risks when necessary.

#### 2. Credit Risk Management

Credit risks refer to the risks arising from the economic loss caused by failure of performing the obligations in the contract by counterparties, issuers of debt financing instruments (or financing parties).

The Company has established a relatively complete credit risk management system, improved management processes covering various aspects such as due diligence, credit rating, credit management, collateral management, follow-up management and asset classification, and strengthened the management of the same customer as well as the concentration control of industry, region and specific products.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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Credit risks of the Company arising from securities financing business primarily include risks from customers' failure to repay debts in full in a timely manner due to insufficient repayment ability of counterparties, decline in value or insufficient liquidity of collateral provided by counterparties, involvement in legal disputes of collateral assets and other reasons, and credit risks arising from fraudulent credit data, violation of contracts and regulatory requirements in transaction actions and other reasons. Control of credit risk from securities financing business is realised primarily through risk education for customers, credit investigation and creditability verification on customers, credit management, risk assessment on collateralized (pledged) securities, reasonable setting of limit indicators, marking to market, customer risk warnings, forced position liquidation, legal recourse and other methods. In addition, for the financing of defaulting customers, customers with insufficient guaranteed securities and normal customers, the Company will make provisions for impairment by complying with the requirements of accounting standards, and actively recover debts from defaulting customers.

Credit risks related to bond investments primarily include risks such as defaults from bond financing instrument issuers or decline in the creditworthiness of issuers, and defaults of counterparty to bond trade. The Company conducts necessary due diligence for issuers and counterparties, establishes an internal rating system for implementing internal rating on issuers, debts and counterparties, and executes access control and limit management based on internal and external rating, so as to control credit risk of bond investment by periodic and non-periodic risk screening, post-investment tracking and other methods. In order to control credit risks relating to over-the-counter derivative transactions, the Company has set counterparty ratings and credit systems, and controlled the counterparty's trading limits and credit risk exposures before transactions can take place. The Company conducts a daily check and measurement on the credit risk exposures of counterparties. The Company has adopted mark-to-market practices to monitor the contracts of derivative transactions and for valuation of collateral, and established the forced position liquidation system to control the credit risk exposures of its customers within the credit limits.

In order to control the credit risk arising from the brokerage business, securities brokerage transactions in mainland China are all settled on a fully pledged basis, which enables settlement risks associated with brokerage business to be well under control. The Company strictly complies with relevant trading and settlement rules and procedures to eliminate noncompliant financing operations for clients and implement the classification management for repurchase financing clients at the same time, and prevents its clients from overdraft or negative balance through conducting due diligence for clients and establishing reasonable trading limits with customers, implementing the internal discount rate standard of equivalent securities and other measures. For option trading clients, the Company controls the credit risk of clients by implementing margin management, position limit system, forced position liquidation system and other measures.

Furthermore, the Risk Management Department monitors the credit risk, including tracking the changes in credit qualification of counterparties and bond issuers and giving risk alert, monitoring coverage of collateral for securities financing business, requiring the business department to effectively fulfill its duty of post-investment management, as well as measuring and assessing the credit risk of major business lines through stress tests, sensitivity analysis and other methods.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### 3. Liquidity Risk Management

Liquidity risks refer to the risks that the Company is unable to acquire sufficient funds in a timely manner at a reasonable cost, in response to repay due debts, fulfill other payment obligations and meet the funding needs during normal course of business.

The Company has established the hierarchical decision-making and authority mechanism, along with centralized management by specialized departments and hierarchical control mechanism, and has clearly defined the duties and functions of the Board of Directors, executive management, Treasury Department and business departments in terms of liquidity risk management. The Company implements management on liquidity risk limits and establishes a liquidity risk limit indicator system covering three levels of the Company, business lines and products, as well as parent company and subsidiaries. The Company establishes a daily position analyses and monthly liquidity analyses mechanism to manage liquidity movements in a timely manner, and evaluates the impact of asset and liability allocation and adjustment on liquidity risk on a regular or irregular basis. The Company has established securities centralized management system in securities investment and securities financing business, and bond credit rating standards for fixed income securities investments, in order to effectively control the market liquidity risk of its securities. The Company has also established a liquidity reserve asset management system to cope with potential capital needs by holding sufficient high-quality liquidity assets that can be realized at any time; implemented internal funds transfer pricing (FTP) system to guide the rational allocation of assets and liabilities. In addition, the Company has optimized its daily liquidity risk management and control mechanism by implementing stress tests, improving liquidity emergency plans and other methods.

During the Reporting Period, the Company revised the Guidelines on Management and Control of Corporate Liquidity Risks to further regulate the division of responsibilities, risk identification and risk control measures, etc. The Company rationally planned the scale of our assets and liabilities, maintained reasonable maturity structure of liabilities, maintained adequate liquidity reserve, and conducted emergency drills in the context of the occurrence of liquidity gaps in overseas subsidiaries; the liquidity coverage ratio and the net stable funding ratio were within the compliant and stable range, and the liquidity risk was measurable and controllable.

### 4. Market Risk Management

Market risks refer to the risks of losses in the Company's on-and-off balance sheet business due to adverse changes in the market price (interest rate, exchange rate, securities price and commodity price).



## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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For market risks, the Company has established an integrated market risk management structure, implemented stage-by-stage authorization, clarified the duties and authorities of the Board of Directors, executive management and business department in market risk control, built risk management processes that enable coverage of activities before, during and after making investments, and fully implemented the risk limit management. The Company annually reviews and approves risk limits for the entire Company as well as each proprietary business line, including exposure limits, stop-loss limits, value-at-risk limits, limits of sensitive indicators and stress testing limits, with the Risk Management Department monitoring and supervising their implementation. The Company has established various financial instruments valuation methods, and valuation model verification and evaluation mechanisms, established daily mark-to-market practices, and implemented stop-loss procedures which are commensurate with its trading strategies. On a regular basis, the Company assesses the risk tolerance level of its proprietary business lines, the effectiveness of risk control and income level after risk adjustment, and includes the assessment results in the performance evaluation of these business lines. The Company makes ongoing efforts to improve its proprietary business management system, steadily realising front-end controls over relevant limit indicators. The Company adopts value at risk (VaR) as a tool to measure the market risk of the investment portfolio of the Company comprising securities and its derivatives. VaR is a method used to estimate the maximum possible loss on the portfolio due to movements in interest rates or market prices such as stock price over a designated period and within a given confidence interval. As this method mainly relies on relevant information of historical data, it has certain limitations. To complement, the Company also implements daily and specific stress tests to assess the impact of extreme adverse changes of risk factors on the risk control indicators such as net capital of the Company, profit or loss of proprietary portfolio and other aspects, and proposes relevant recommendations and measures and prepares emergency plans with in accordance with the assessment.

The Company uses sensitivity analysis as a primary instrument to monitor the interest rate risk. Sensitivity analysis is used to measure the impact on the total income and shareholders' equity interests arising from fair value changes of various financial instruments held at the end of the period when there are reasonable and possible changes in interest rates, on the assumptions that other variables remain constant, overall market interest rates shift in a parallel manner, and risk management activities which may be taken by the Company to reduce interest rate risks are not taken into consideration.

With regard to foreign exchange risk, the Company commenced the foreign exchange settlement and sale business on a pilot basis with the approval of the SAFE in 2020, and China Securities International, the overseas subsidiary, held assets and liabilities denominated in foreign currencies. During the Reporting Period, as the proportion of the assets and liabilities denominated in foreign currencies held by our Company to the overall assets and liabilities slightly increased but was not significant, and its proportion in the income was low, the Company was of the view that the foreign exchange rate risk did not have a significant impact on the Company's current operations as a whole. The Company established a foreign exchange risk management mechanism and managed its foreign exchange risk by, among others, limiting the size of assets and liabilities denominated in foreign currencies and general position management on foreign exchange settlement and sale, assigning stop-loss limits for proprietary investment and risk exposures limits for the Company, and making use of risk hedging instruments for foreign exchange derivatives.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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Other price risks refer to risks arising from the decrease in fair value of the Company's investment portfolio due to fluctuations in market prices other than stock prices, interest rates, and foreign exchange rates. The Company's investment portfolio primarily comprises equity securities, fixed income securities and their derivatives business. Other price-related businesses include, among others, gold, commodity and its derivatives trading, and the Company primarily focuses on providing liquidity services, arbitrage strategies and hedging transactions in this type of business, with small risk exposures. Accordingly, other price risks do not have a significant impact on the Company's current operations.

### 5. Operational Risk Management

Operational risks refer to the risks of losses caused by incomplete or defective internal procedures, employees and IT systems and external events.

Concerning the potential operational risks in each business and management activity of the Company, the Company has carried out mutual segregation for different businesses, and established three lines of defense for each business line – a mechanism for segregated checks and balances with a front office, a middle office and a back office; put in place sound license management and accountability system, as well as the management system, procedures and risk control measures for each business; transferred and mitigated operational risks by way of personnel or operation outsourcing and purchase of insurance where necessary within the scope of authority of the Company; improved the mechanisms for information exchange, major events reporting and information feedback.

The Risk Management Department monitors and assesses the operational risks of the brokerage business and other businesses, and conducts regular risk control evaluation; examines the key risk points of various business and management lines, and establishes and implements key control measures in practical business procedures; develops and improves the internal control matrix; organizes business departments for conducting self-evaluation of risk and control to identify new material risks and take corresponding risk control measures; and performs statistical analysis on various types of operational risk events at least once on an annual basis to calculate the frequency of their occurrence and the level of losses, as well as to assess the changing trend and distribution of risks. During the Reporting Period, the Company continued to carry out various risk warnings and risk education, held trainings on risk management topics, advanced the implementation of compliance requirements for operational risk management of the Securities Association of China, regulated business internal control matrix requirements for the same business, strengthened business continuity management, and actively responded to various emergencies and maintained stable business operation.

### 6. Information Technology Risk Management

Information technology risks refer to the operational, legal and reputational risks incurred from natural factors, human factors, technical defects and management flaws in the course of application of the information technology by the Company.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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The IT Department of the Company is responsible for the management of planning, establishment, and operation and maintenance of the information technology system. The Company carries out centralized management and backup of the data in transaction system; implements mutual separation among the positions in charge of development, testing, and operation and maintenance of information technology system, as well as mutual separation among the positions in charge of operating data management and application system, and implements strict control of access authority and track records; controls the choice of relevant software, hardware and external suppliers in information technology system; enhances external system management; performs real-time and automatic monitoring of the connection of important communication network and operation of the significant business system. The Data Management Department of the Company took a leading role in the implementation of construction of data governance system, the promotion of execution and implementation of data-related standardized rules and the coordination of data management efforts to promote the improvement in the Company's data quality and the application effectiveness of information technology. In addition, the emergency management for business continuity of the Company is organized by the Risk Management Department, with the technical support provided by the IT Department and the involvement from all relevant business departments.

### 7. Legal Risk and Compliance Risk Management

Legal risks refer to the risk arising from failure to perform contracts due to invalidity within the law, or improper entering into of the contracts and other reasons; compliance risks refer to the risk that the Company may be exposed to legal sanction or regulatory punishment, major financial loss or reputation loss as a result of its non-compliance with the laws and regulations, regulatory rules, self-regulatory rules as well as code of conduct applicable to the Company's own business activities.

The Legal and Compliance Department uniformly manages legal affairs of the Company and controls legal risks. The Legal and Compliance Department leads to review all agreements and contracts of the Company, provides legal opinions on major business matters of the Company, and uniformly manages and guides to handle litigations and arbitrations. Meanwhile, as a department responsible for compliance management, the Legal and Compliance Department is under the leadership of the Chief Compliance Officer to independently carry out the compliance management of the Company. The main compliance management responsibilities of the Legal and Compliance Department are: tracking, analysing and preaching laws and regulatory rules currently in effect; timely identifying, evaluating and managing compliance risk in business operation and business innovation of the Company through methods such as compliance consultation, compliance review, compliance inspection and compliance supervision. Specific or part-time compliance management officers are engaged by the Company in all functional departments, business lines and branches, and are responsible for daily compliance management in their own departments. The compliance management of the Company has permeated all aspects, such as decision-making, implementation, supervision and feedback, and has been included in the whole process of the operation management of the Company. The Company proactively cultivates a culture of compliance and improves the self-restraint mechanisms in order to ensure compliant operations and standardized development.

## SECTION 4 MANAGEMENT DISCUSSION AND ANALYSIS

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### 8. Reputation Risk Management

Reputation risks refer to the risks of negative comments to the Company from stakeholders as a result of operations, management and other activities of the Company or external events. The Company has established a reputational risk management mechanism to clarify the framework, division of responsibilities and management requirements of the reputational risk management. The Company follows the management principle of prevention first, attaches great importance to the relationship management of stakeholders such as customers and investors, and formulates relevant complaint handling mechanisms and measures. The Company standardizes the information release process and establishes a spokesperson system. The Company implements public opinion monitoring and hierarchical management to timely detect, and actively and prudently respond to various reputational risk incidents. During the Reporting Period, the Company made efforts to discover, identify, alert and dispose of reputation risk at the early stage, effectively responded to public opinion, did not have any major reputational risk incidents and maintained a normal and good operating environment.

## SECTION 5 REPORT OF DIRECTORS

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### I. BUSINESS REVIEW

Facing the complicated and ever-changing market environment in 2024, the Company actively took responsive measures and maintained steady development, ensuring the favorable development of all businesses. Please refer to “Section 4 Management Discussion and Analysis” in this report for the principal businesses, operating models and specific industry situations of the Group.

### II. MAJOR RISKS AND UNCERTAINTIES

The major risks to which the Company is exposed include market risk, credit risk and liquidity risk. For the risk management objectives and policies of the Company, please refer to the description of the risk management of the Company in this annual report. Please refer to “Potential Risks” of this annual report for the major risks and uncertainties to which the Company was exposed in 2024.

### III. RELEVANT LAWS AND REGULATIONS OF SIGNIFICANT INFLUENCE

Adhering to the principle of operating in accordance with laws and regulations for a long time, the Company complies with the national laws and regulations, normative documents and various regulatory requirements. In order to control operational risks, the Company established a sound corporate system by setting up a basic system at the company level, under which each business line, department and branch shall establish a highly operable management system, operational process and standardized regulations. The system of the Company covers all its businesses and processes. In 2024, the Company formulated/amended and reviewed over 200 internal management systems to enhance internal control level according to regulatory requirements and the needs for business management of the Company; the Legal and Compliance Department of the Company is the department for the management of the systems of the Company and shall be responsible for reviewing and approving the systems of the Company, and requiring the business and management departments of the Company to implement the requirements of the regulatory authorities and self-regulatory organizations in the business systems of the Company in a timely manner, so as to ensure that each internal system of the Company complies with the laws and regulations, normative documents and regulatory requirements, and guarantee the coordination and uniformity among the systems of the Company.

### IV. PROFIT DISTRIBUTION AND PROPOSED DIVIDEND

The formulation and implementation of the cash dividend policy and the 2024 final profit distribution plan of the Company are set out in “Profit Distribution Policy of the Company” in “Section 4 Management Discussion and Analysis” of this annual report.



### V. TAX RELIEF

#### Tax Relief of A Shareholders

Pursuant to Notice on Relevant Issues Concerning Differential Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2015] No. 101) 《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2015]101號)) and Notice on Relevant Issues Concerning the Implementation of Differential Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (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 CSRC, for the dividends and bonuses derived by individual investors from listed companies, from the date when individual investors obtain the Company's shares to the equity registration date, if the term of shareholding exceeds one year, individual income tax will be temporarily exempted; if the term of shareholding does not exceed one year (including one year), the listed company will not withhold individual income tax temporarily, and will make corresponding adjustments in accordance with the above notification requirements when individual investors transfer shares.

For shareholders of resident enterprises, the income tax for dividends and bonuses are calculated and paid by itself in accordance with regulations.

For qualified foreign institutional investors (QFII), pursuant to the provisions of Notice on Relevant Issues Concerning the Payment of Dividends, Bonuses and Interests and Withholding the Enterprise Income Tax by Chinese Resident Enterprises to Qualified Foreign Institutional Investors (Guo Shui Han [2009] No. 47) 《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)) issued by the State Administration of Taxation, the listed company withholds enterprise income tax at a tax rate of 10%. If the income from dividends and bonuses derived by QFII shareholders require to enjoy the treatments in the tax treaties (arrangements), they may apply for tax refunds to the competent tax authorities after deriving the dividends and bonuses in accordance with the regulations.

Pursuant to the provisions of Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81) 《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)) issued by the Ministry of Finance, the State Administration of Taxation and CSRC, for the income from dividends and bonuses derived by investors (including enterprises and individuals) in Hong Kong market by investing A shares listed on the SSE, before fulfilling the condition for providing detailed data such as identities of investors and period of shareholding to CSDC by Hong Kong Securities Clearing Company Limited, differential taxation collection policies are not implemented temporarily in accordance with the period of shareholding. Instead, the listed company withholds income tax at a tax rate of 10%, and handles the withholding declaration with its competent tax authorities. For Hong Kong investors who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with China stipulating a income tax rate for dividends and bonuses of lower than 10%, those enterprises and individuals may, on its own or entrusting a withholding agent, apply to the competent tax authorities of the listed company for the entitlement of the rate under such tax treaty. Upon approval by the competent tax authorities, the paid amount in excess of the tax payable by such enterprises and individuals based on the tax rate according to such tax treaty shall be refunded.



## SECTION 5 REPORT OF DIRECTORS

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### Tax Relief of H Shareholders

Pursuant to the provisions of Notice on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) 《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)) issued by the State Administration of Taxation, the income from dividends and bonuses derived by overseas resident individual shareholders from the shares issued by domestic non-foreign invested enterprises in Hong Kong is subject to the individual income tax withheld by the withholding agents in accordance with laws according to the items of “interests, dividends and bonuses income”. Overseas resident individual shareholders who hold shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to relevant preferential tax treatments pursuant to the provisions in the tax treaties signed between the countries where they are residents and China, and the tax arrangements between the Mainland and Hong Kong (Macau). The applicable tax rate in treaties in relation to dividends and bonuses derived by individuals as required by the relevant tax treaties and tax arrangements is generally 10%, and for the purpose of simplifying tax collection and management, domestic non-foreign invested enterprises issuing shares in Hong Kong may, when distributing dividends and bonuses, generally withhold individual income tax at the tax rate of 10%, and are not obligated to file an application. In circumstances where the tax rate in treaties in relation to dividends and bonuses derived by individuals is not equal to 10%, the following provisions shall apply: (1) for citizens from countries falling under treaties subject to tax rates lower than 10%, the withholding agents may file applications on their behalf to seek entitlement to the preferential treatments in such treaties, and upon being reviewed and approved by the competent tax authorities, excessive withheld tax amounts will be refunded; (2) for citizens from countries falling under treaties subject to tax rates higher than 10% but lower than 20%, the withholding agents shall withhold individual income tax at the agreed effective tax rate upon distribution of dividends and bonuses, and are not obligated to obtain the approval on the application; (3) for citizens from countries without tax treaties or under other circumstances, the withholding agents shall withhold individual income tax at a tax rate of 20% upon distribution of dividends and bonuses.

Pursuant to the provisions of Circular Concerning Questions on Withholding and Payment of Enterprise Income Tax when PRC Resident Enterprises Distribute Dividends to Overseas Non-resident Corporate Shareholders of H Shares (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, any PRC resident enterprises distributing dividends for the years from 2008 (inclusive) to overseas non-resident corporate shareholders shall withhold enterprise income tax at a uniform tax rate of 10%.

## SECTION 5 REPORT OF DIRECTORS

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Pursuant to the provisions of Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (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)), the Announcement on the Continued Implementation of Individual Income Tax Policy for Interconnection Mechanism for Transactions in the Shanghai and Hong Kong as well as Shenzhen and Hong Kong Stock Markets and Mutual Recognition of Funds between the Mainland and Hong Kong (MOF Announcement No. 93 in 2019) 《關於繼續執行滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》(財政部公告2019年第93號)) and the Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81) 《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)) issued by the Ministry of Finance, the State Administration of Taxation and CSRC, for dividends and bonuses derived by mainland individual investors from investing in H-shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, H-share companies shall withhold individual income tax at a tax rate of 20%. For income from dividends and bonuses derived by mainland securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the individual income tax shall be calculated and paid in accordance with above provisions. Income from dividends and bonuses derived by mainland enterprise investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect shall be included in their total revenue, and the enterprise income tax thereon shall be calculated and paid according to laws. Among them, for income from dividends and bonuses derived by mainland resident enterprises where the relevant H shares have been continuously held for no less than 12 months, the enterprise income tax thereon may be exempt according to laws.

### **VI. ANALYSIS AND EXPLANATION OF THE COMPANY ON REASONS FOR AND IMPACT OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES, OR RECTIFICATION ON SIGNIFICANT ACCOUNTING ERRORS**

The Company has no relevant circumstances in 2024.

## SECTION 5 REPORT OF DIRECTORS

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### VII. SIGNIFICANT FINANCING

During the Reporting Period, the issuance of bonds (including enterprise bonds, corporate bonds and debt financing instruments of non-financial enterprises) of the Company was as follows:

1. In January 2024, the Company publicly issued “24 Xintou S1” short-term corporate bonds with a par value of RMB1.5 billion, a bond term of one year, a coupon rate of 2.52%, and the bullet repayment of the principal and interest. The bonds were unsecured bonds in the form of fixed interest rate.
2. In January 2024, the Company publicly issued “24 Xintou Y1” perpetual subordinated bonds, with a par value of RMB4.5 billion and every 5 interest-accruing years being a repricing cycle. At the end of each repricing cycle, the Company has the option to extend the term of the bonds by a repricing cycle (or five years) or redeem the bonds in full. The coupon rate for the first repricing cycle of the bonds is 3.15%. The coupon rate is reset every 5 years from the sixth interest-accruing year if the Company chooses to exercise the extension option.
3. In January 2024, the Company publicly issued corporate bonds with a par value of RMB2.7 billion, of which the issuance scale of “24 Xintou G1” amounted to RMB700 million, with a bond term of 3 years and a coupon rate of 2.72%; the issuance scale of “24 Xintou G2” amounted to RMB2.0 billion, with a bond term of 10 years and a coupon rate of 2.99%. The bonds were unsecured bonds with interest accrued per annum in the form of fixed interest rate and paid on a yearly basis.
4. In February 2024, the Company non-publicly issued “24 Xintou F1” corporate bonds with a par value of RMB4.0 billion, a bond term of 3 years, and a coupon rate of 2.80%. The bonds were unsecured bonds with interest accrued per annum in the form of fixed interest rate and paid on a yearly basis.
5. In March 2024, the Company non-publicly issued “24 Xintou F2” corporate bonds with a par value of RMB3.0 billion, a bond term of 30 months (914 days), and a coupon rate of 2.58%. The bonds were unsecured bonds with interest accrued per annum in the form of fixed interest rate and paid on a yearly basis.
6. In March 2024, the Company publicly issued “24 Xintou G4” corporate bonds with a par value of RMB1.0 billion, a bond term of 10 years, and a coupon rate of 2.78%. The bonds were unsecured bonds with interest accrued per annum in the form of fixed interest rate and paid on a yearly basis.
7. In April 2024, the Company non-publicly issued corporate bonds with a par value of RMB3.0 billion, of which the issuance scale of “24 Xintou F3” amounted to RMB1.0 billion, with a bond term of 3 years and a coupon rate of 2.38%; the issuance scale of “24 Xintou F4” amounted to RMB2.0 billion, with a bond term of 5 years and a coupon rate of 2.55%. The bonds were unsecured bonds with interest accrued per annum in the form of fixed interest rate and paid on a yearly basis.
8. In April 2024, the Company publicly issued “24 Xintou S2” short-term corporate bonds with a par value of RMB1.5 billion, a bond term of one year, a coupon rate of 2.05%, and the bullet repayment of the principal and interest. The bonds were unsecured bonds with interest accrued per annum in the form of fixed interest rate.

## SECTION 5 REPORT OF DIRECTORS

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9. In June 2024, the Company publicly issued “24 Xintou S3” short-term corporate bonds with a par value of RMB6.5 billion, a bond term of one year, a coupon rate of 2.05%, and the bullet repayment of the principal and interest. The bonds were unsecured bonds with interest accrued per annum in the form of fixed interest rate.
10. In July 2024, the Company publicly issued corporate bonds with a par value of RMB2.0 billion, of which the issuance scale of “24 Xintou G5” amounted to RMB1.0 billion, with a bond term of 3 years and a coupon rate of 2.13%; the issuance scale of “24 Xintou G6” amounted to RMB1.0 billion, with a bond term of 5 years and a coupon rate of 2.25%. The bonds were unsecured bonds with interest accrued per annum in the form of fixed interest rate and paid on a yearly basis.
11. In August 2024, the Company publicly issued “24 Xintou Y2” perpetual subordinated bonds, with a par value of RMB2.5 billion and every 5 interest-accruing years being a repricing cycle. At the end of each repricing cycle, the Company has the option to extend the term of the bonds by a repricing cycle (or five years) or redeem the bonds in full. The coupon rate for the first repricing cycle of the bonds is 2.16%. The coupon rate is reset every 5 years from the sixth interest-accruing year if the Company chooses to exercise the extension option.
12. In October 2024, the Company non-publicly issued corporate bonds with a par value of RMB5.9 billion, of which the issuance scale of “24 Xintou F5” amounted to RMB2.6 billion, with a bond term of 2 years and a coupon rate of 2.21%; the issuance scale of “24 Xintou F6” amounted to RMB3.3 billion, with a bond term of 3 years and a coupon rate of 2.23%. The bonds were unsecured bonds with interest accrued per annum in the form of fixed interest rate and paid on a yearly basis.
13. In October 2024, the Company non-publicly issued corporate bonds with a par value of RMB4.0 billion, of which the issuance scale of “24 Xintou F7” amounted to RMB800 million, with a bond term of 2 years and a coupon rate of 2.20%; the issuance scale of “24 Xintou F8” amounted to RMB3.2 billion, with a bond term of 34 months and a coupon rate of 2.23%. The bonds were unsecured bonds with interest accrued per annum in the form of fixed interest rate and paid on a yearly basis.
14. In November 2024, the Company publicly issued corporate bonds with a par value of RMB5.0 billion, of which the issuance scale of “24 Xintou G8” amounted to RMB1.5 billion, with a bond term of 2 years and a coupon rate of 2.05%; the issuance scale of “24 Xintou G9” amounted to RMB3.5 billion, with a bond term of 3 years and a coupon rate of 2.12%. The bonds were unsecured bonds with interest accrued per annum in the form of fixed interest rate and paid on a yearly basis.
15. In December 2024, the Company publicly issued corporate bonds with a par value of RMB5.0 billion, of which the issuance scale of “24 Xintou 10” amounted to RMB2.0 billion, with a bond term of 2 years and a coupon rate of 1.91%; the issuance scale of “24 Xintou 11” amounted to RMB3.0 billion, with a bond term of 5 years and a coupon rate of 2.10%. The bonds were unsecured bonds with interest accrued per annum in the form of fixed interest rate and paid on a yearly basis.
16. In December 2024, the Company publicly issued “24 Xintou Y3” perpetual subordinated bonds, with a par value of RMB2.9 billion and every 5 interest-accruing years being a repricing cycle. At the end of each repricing cycle, the Company has the option to extend the term of the bonds by a repricing cycle (or five years) or redeem the bonds in full. The coupon rate for the first repricing cycle of the bonds is 2.17%. The coupon rate is reset every 5 years from the sixth interest-accruing year if the Company chooses to exercise the extension option.

For the issuance of other types of debt financing instruments, please refer to Note 41, Note 42 and Note 43 to the Consolidated Financial Statements in this report.

## SECTION 5 REPORT OF DIRECTORS

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### VIII. REPURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

During the Reporting Period, the Company or any of its subsidiaries did not repurchase, sell, or redeem securities of the Company (including treasury shares). As of the end of the Reporting Period, the Company did not hold any treasury shares.

### IX. BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of Directors, Supervisors and senior management of the Company are set out in “Section 8 Directors, Supervisors, Senior Management and Employees” of this annual report.

### X. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with all Directors and Supervisors, stipulating their terms of office, compensation, rights and obligations, and undertakings. The terms of office of the Directors and Supervisors commence from the date of approval of the resolution on their appointment at the Shareholders’ general meeting or the employee representative meeting, and conclude at the end of the term of office of the current Board of Directors or Supervisory Committee. Independent non-executive Directors are also subject to the requirements for the length of their terms of office as prescribed by laws and regulations.

In addition, the Directors and Supervisors did not enter into any service contract with the Company or its subsidiaries which could not be terminated within one year without any compensation (other than statutory compensation).

### XI. PERMITTED INDEMNITY PROVISIONS

The Company has purchased liability insurance for Directors and Supervisors to cover legal liabilities arising from the performance of their duties, with the relevant policy being governed by Chinese law. The Company reviews the scope of the insurance coverage annually. There have been no claims against the Directors or Supervisors during the Reporting Period.

### XII. MANAGEMENT CONTRACTS

During the Reporting Period, apart from employment contracts of employees, no management or administrative contracts were entered into by the Company or subsisting in the Company in respect of the whole or a substantial part of any business of the Company.

### XIII. REMUNERATION POLICIES

The details of the remuneration policies of the Company’s Directors, Supervisors and senior management are set out in “Section 8 Directors, Supervisors, Senior Management and Employees”.

The details of the Company’s employee remuneration policies and remunerations of employees are set out in “Section 8 Directors, Supervisors, Senior Management and Employees” and “Notes to the Consolidated Financial Statements” of this annual report.



## SECTION 5 REPORT OF DIRECTORS

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### **XIV. DIRECTORS' AND SUPERVISORS' INTERESTS IN MATERIAL CONTRACTS**

During the Reporting Period, the Company or its subsidiaries did not enter into any transaction, arrangement or contract of significance in which the Directors or Supervisors of the Company or their respective connected entities had a material interest, whether directly or indirectly.

### **XV. DIRECTORS' INTERESTS IN BUSINESSES COMPETING WITH THE COMPANY**

During the Reporting Period, save as disclosed in this report, the Directors of the Company did not hold any interests in businesses competing with the Company.

### **XVI. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY**

To the knowledge of the Company, as of December 31, 2024, no Directors, Supervisors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance), which were required, pursuant to Section 352 of the Securities and Futures Ordinance, to be recorded in the register to be kept by the Company, or required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix C3 to the Hong Kong Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

As of December 31, 2024, no Directors, Supervisors or their respective spouses or children under 18 years of age had been granted the rights to gain benefits by way of purchasing Shares or debentures of the Company or exercise any aforesaid rights by themselves, nor had Directors, Supervisors or their respective spouses or children under 18 years of age been granted the aforesaid rights from any other corporate body due to the arrangement made by the Company or any of its subsidiaries.

### **XVII. INTERESTS AND SHORT POSITIONS REQUIRED TO BE DISCLOSED BY THE SHAREHOLDERS PURSUANT TO THE SECURITIES AND FUTURES ORDINANCE**

Details of interests and short positions required to be disclosed by the Shareholders pursuant to the Securities and Futures Ordinance are set out in "Disclosure of Interests" in "Section 7 Changes in Shares and Information on Substantial Shareholders" of this annual report.

### **XVIII. PRE-EMPTIVE RIGHTS**

The Company currently has no arrangement regarding the pre-emptive rights.

### **XIX. RESERVES AND RESERVES OF DISTRIBUTABLE PROFITS**

Please refer to "Consolidated Statement of Changes in Equity" and "Note 46 to the Consolidated Financial Statements" of this annual report for changes in the reserves and reserves of distributable profits.

### **XX. PROPERTY, PLANT AND EQUIPMENT**

Please refer to "Note 17 to the Consolidated Financial Statements" of this annual report for information about property, plant and equipment of the Group as of December 31, 2024.



## SECTION 5 REPORT OF DIRECTORS

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### XXI. MAJOR CLIENTS AND SUPPLIERS

The Company has a high-quality and diversified client base (primarily consisting of leading corporations, institutional investors and high-net-worth individuals in various industries). The Company develops and maintains long-term cooperation with various types of clients and is dedicated to providing them with a comprehensive suite of products and services. The Company has gained the trust of numerous clients through the deep engagement with the clients and a thorough understanding of their businesses.

In 2024, revenue of the Company from top five clients on aggregate did not exceed 30% of operating revenue of the Company. By virtue of the nature of our business, the Company had no major suppliers.

### XXII. RELATIONSHIP WITH EMPLOYEES, CLIENTS, SUPPLIERS AND PERSONS WHO ARE MATERIALLY RELATED

Remuneration for employees of the Company consists of fixed salary, performance-based bonuses, and insurance benefits. The Company continues to promote and implement staff training programs featuring comprehensive planning, implementation by levels and clear purposes. For details about the remuneration and training plans for employees of the Company, please refer to “Remuneration Policies” and “Training Program” in “Section 8 Directors, Supervisors, Senior Management and Employees” of this annual report.

For the relationship between the Company and securities brokers, please refer to “Information of Securities Brokers” in “Section 8 Directors, Supervisors, Senior Management and Employees” of this annual report. For the relationship between the Company and major clients and suppliers, please refer to “Major Clients and Suppliers” of this section.

### XXIII. SUFFICIENT PUBLIC FLOAT

Upon listing of the H Shares, the Hong Kong Stock Exchange has granted a waiver to the Company, approving that the minimum public float of the Company shall be the highest of (1) 15% of the total issued Share capital of the Company; or (2) such percentage of H Shares to be held by the public immediately after the completion of the global offering (assuming that the over-allotment option is not exercised); and (3) such percentage of H Shares to be held by the public immediately after the completion of the global offering (as increased in the H Shares to be issued pursuant to the exercise of the over-allotment option). Upon the completion of the global offering (including the partial exercise of the over-allotment option) and based on the minimum public float granted by the Hong Kong Stock Exchange, the minimum public float for the H Shares of the Company is no lower than 17.40%.

Immediately after the completion of the initial public offering of A Shares in 2018, the number of H Shares held by the public is not less than 16.49% of the total issued Shares; immediately after the completion of the non-public issuance of A Shares in 2020, the number of H Shares held by the public is not less than 16.26% of the total issued Shares; immediately after the completion of the increase in the shareholding of H Shares by the largest Shareholder, Beijing Financial Holdings Group, in 2023, the number of H Shares held by the public is not less than 15.06% of the total issued Shares. Based on the public information available to the Company and to the knowledge of the Directors as at the Latest Practicable Date before the publishing of this annual report, the Company satisfies the public float requirements by continuously maintaining a total public float of A Shares and H Shares of not less than 17.40%.

## SECTION 5 REPORT OF DIRECTORS

### XXIV. CORPORATE GOVERNANCE

The details of corporate governance of the Company are set out in “Section 9 Corporate Governance Report” of this annual report.

### XXV. PERFORMANCE OF SOCIAL RESPONSIBILITIES

The Company has a deep understanding of politically oriented and people-centered financial work and remained steadfast in the commitment to “cultivate talent pool, to serve customers, to create values, to assume social responsibility.” The Company proactively shouldered the mission and responsibility of state-owned financial enterprise, has played to its strength of comprehensive financial profession in order to serve the country and real economy, and has focused on the field of sustainable development. Great efforts to efficiently comprehend and implement the essence of the “Five Major Areas” in Finance is made by the Company. It also promoted the high-quality development of the economy and society and strived to create long-term, sustainable and share value for stakeholders.

In 2024, the Company adhered to stable operation and promoted the development of sustainable finance. The Company actively carried out inclusive finance, and lead underwritten a total of 70 special financial bonds for small and micro enterprise loans, special financial bonds for Sannong (regarding agriculture, rural areas, and farmers) and asset-backed special plan for small and micro enterprise financing support, and the underwriting amount was RMB25.494 billion. The Company also explored the innovative model of pension finance, launched 283 publicly offering pension FOF fund products for agency sale, with the product coverage rate reaching 80% in the market. The self-developed Jiaxin series (家鑫系列) products in the area of pension service finance has a total outstanding amount of RMB4.2 billion. The Company has provided more than 3,300 roadshow services and over 460 special discussions/research activities in total for the National Social Security Fund and pension companies within the insurance industry. The Company constantly served customers well and improved investor protection, and it has supported employees’ development, paid attention to people’s wellbeing, made active contribution to public-interest programs and effectively assumed social responsibility. The physical investor education base “Jingxin Academy” recorded over 33,000 offline visits and online visits (via livestreaming), held over 2,800 non-profit investor education activities, exceeding 3 million people, was rewarded as A level (top rating) of securities company conducting investor education activity by Securities Association of China, SSE, SZSE and BSE for three consecutive years and obtained sixth consecutive “excellent” annual assessments by CSRC. In 2024, the Company made an external public welfare expenditure of RMB17.9105 million, organized and conducted public-interest programs and volunteer service activities, appointed high-caliber business personnel to remote and mountainous regions to support poverty reduction endeavors through teaching, bringing more hopes and warmth to children there. The Company encourages employees to assume responsibility and proactively organize voluntary activities on the theme of tree planting, caring for the elderly, environment protection, voluntary blood donations.

The Company has been obtained A of MSCI ESG rating for consecutive years, is the first rank of domestic brokerages and was included in 2024 Sustainability Yearbook by S&P Global, “2024 Best Practice Case of Sustainability in Listed Companies” (2024年上市公司可持續發展最佳實踐案例) by China Association for Public Companies and “ESG Comprehensive Governance Benchmark Enterprise with Core Competitiveness (核心競爭力—ESG綜合治理標桿企業)” at 2024 CIFTIS China International Economics and Technology Administration Forum and etc.

For details of the Company’s social responsibility performance in 2024, please refer to the 2024 Sustainable Development & Environmental, Social and Governance (ESG) Report of CSC Financial Co., Ltd., which is disclosed simultaneously with this annual report.

## SECTION 5 REPORT OF DIRECTORS

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### XXVI. AUDITORS AND AUDIT COMMITTEE

Please refer to “Engagement or Dismissal of Accounting Firms” in “Section 6 Other Significant Events” of this annual report for the engagement or dismissal of accounting firms.

### XXVII. ENVIRONMENTAL POLICY AND PERFORMANCE

The Company fully implemented the new development concept, pursued its development in accordance with the deployment requirements of national “dual-carbon” strategy and the “Five Major Areas” in Finance. We provided financial support for green and low-carbon industries such as energy conservation and environmental protection, clean energy and ecological environment through conducting equity financing, debt financing, financial advisory, industrial investment and carbon finance and other businesses, and further promotes the development of “green finance”, so as to leverage green finance to support the construction of a beautiful China. The Company actively practiced green and low-carbon operations, organized green public welfare activities, promoted environmental protection concepts, advocated green production and lifestyle, and consciously fulfilled its corporate environmental responsibilities.

#### 1. Green Finance

With the aim of “serving the real economy, promoting green development, and enhancing people’s well-being”, the Company has been practicing sustainable development concepts in green finance sector to respond to the requirements of the “green finance”. The Company has vigorously developed the businesses of green investment and financing activities, carbon finance and ESG research, continuously exploring innovations in respect of green financial products, derivatives and services, actively guiding the allocation of resources to enterprises and projects that support green production and lifestyle to encourage more market entities to actively explore the path of green transformation.

In 2024, the Company assisted enterprises in clean energy and ecological and environmental protection industry to complete 4 green equity financing projects, with an underwriting amount of RMB4.1 billion, and helped listed companies in green industry complete major asset restructuring transactions amounting to RMB7.6 billion. As the lead financial advisor, the Company advised Huaneng Renewables (華能新能源), a wind power and photovoltaic power generation enterprise under China Huaneng Group (中國華能), to complete an equity capital injection of RMB15 billion, which is the largest private equity financing project in the new energy industry in China in 2024, and make Huaneng Renewables accelerate its green transformation and establish a new power system. The Company advised Gansu Energy (甘肅能源), the largest listed clean energy company in the northwestern region, to complete the restructuring and supporting financing, which was the first major asset restructuring project accepted following the release of the Six M&A Guidelines by CSRC, and also the major asset restructuring project with the largest amount, the fastest review and implementation in the energy industry under the registration system for review. It can effectively optimize the layout of power and energy to drive the development of clean energy and promote the implementation of the national “dual carbon” strategy.

In 2024, the Company actively developed the green bond business and continuously enrich the green bond product system, leading the underwriting of 107 green bonds, with an underwriting amount of RMB57.343 billion and a total fundraising scale of RMB192.972 billion, of which there were 31 carbon neutral bonds with the lead underwriting amount of RMB23.116 billion and a total fundraising scale of RMB39.133 billion. China Securities International participated in and

## SECTION 5 REPORT OF DIRECTORS

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completed a total of 73 overseas ESG bond projects, including 32 green bonds, 3 social bonds and 38 sustainable development bonds, with a cumulative financing amount of over USD22.4 billion. The Company regards green-themed assets as one of the important targets when designing and developing financial derivative products. The Company effected income swap transactions with clients that are linked to the high-grade green bond index of the Foreign Exchange Trade System, which not only met clients' investment and trading needs for green financial products but also supported the development of high-quality enterprises in the green and low-carbon industries. The Company assisted Mingyang Intelligent (明陽智能), a clean energy enterprise, to successfully issued the first public offering REITs Project of onshore wind power in China, and the funds raised amounted to RMB1.282 billion, which brought the new energy assets to life and helped Mingyang Intelligent further give full play to the advantages of clean energy resources. The Company managed to assist Shenergy (申能股份), an electric power enterprise in Shanghai, in issuing the first renewable corporate bond of carbon neutral and green technology innovation rural revitalization of RMB1 billion, and to help Shenergy promote consumption reduction and efficiency enhancement of traditional energy and enhancement of new energy in research and development and application, which build a new pattern for the diversified development and utilization of new energy sources. As the sole lead underwriter, the Company advised Sanfeng Environment (三峰環境), a waste-to-energy incineration enterprise, in the issuance of China's first green corporate bond for scientific and technological innovation under the Belt and Road Initiative, amounting to RMB150 million. By using the raised funds, the Company managed to drive the ecological and environmental governance work in countries along the Belt and Road, improve the local resource utilization rate, and enhance the quality of the local living environment.

The Company actively fulfilled the concept of responsible investment to deeply integrate ESG concepts with investment business, and formulated the Statement on Responsible Investment by CSC Financial Co., Ltd. 《中信建投證券股份有限公司負責任投資聲明》 to continuously improve the responsible investment management system and standard of responsible investment. During the Reporting Period, the Company applied positive strategies such as screening, ESG integration, and sustainable development themed investment to carry out green equity and debt investments, continued to operate a series of ESG "Fixed Income-Plus" ("固收+") strategy products of "CSC ESG Vision Investment", with the investment into green bonds by asset management and securities proprietary business over RMB7 billion.

The Company actively participated in the establishment of domestic carbon market mechanism, steadily expanded carbon finance business, and continued to expand the business scope of local carbon markets. During the Reporting Period, the Company successfully participated in the first batch of carbon assets repurchase transactions in the Shanghai carbon market, and it completed the first carbon assets repurchase business in Hubei carbon market and the borrowing carbon trading. The total trading volume of various products in the local carbon market reached 2.40 million tons, with a trading scale of RMB90 million, introducing more flexible and diversified financial support for the carbon emission reduction and transformation of the real economy. In addition, the Company continued to carry out the carbon quota bilateral quotation and transaction in local carbon markets in Shanghai, Hubei and other places, to boost market trading activity, with accumulated carbon quota trading volume reaching 1.5 million tonnes. In 2024, with its outstanding performance in the carbon finance market, the Company has won awards such as the "Shanghai Clearing House Outstanding Green Finance Business Innovation Institution Award" (上海清算所優秀綠色金融業務創新機構獎), the "Outstanding Member Award (優秀會員獎)" of the Shanghai carbon market and the "Hubei Carbon Market 10th Anniversary Market Pioneer Award (湖北碳市場開市10周年市場先鋒獎)".



## SECTION 5 REPORT OF DIRECTORS

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The Company focused on ESG investment strategy, carbon emission estimate of investment portfolio, theme funds and other aspects to conduct responsible investment and ESG research, and has established an ESG investment strategy research group to provide clients with research and consulting services such as carbon emission calculation models for listed companies and investment portfolios, ESG practice research, and ESG fund research. During the Reporting Period, the Company published more than 20 in-depth research reports on ESG topics focusing on the themes such as the impact of AI on social responsibility, carbon price at home and abroad and future trends, etc., issued and continued to operate and maintain a number of ESG stock indices and green bond indices, and organized multiple industry exchange meetings related to ESG strategies and green finance, such as the “2025 Capital Market Summit – Outlook on Investment Strategies for Sustainable Development in 2025” (2025年度資本市場峰會—可持續發展發展 2025年投資策略展望).

### 2. Green Operation and Environmental Protection

As the Company is principally engaged in financial business, and energy consumption and carbon emission in the business operation process, water consumption and waste generation are mainly attributed to daily office work, involving energy types such as electricity, gasoline used in self-owned vehicles, etc.; the water resources used come from municipal water, and there are no problems in obtaining water resources; the waste generated mainly includes non-hazardous waste such as office waste and kitchen waste, and hazardous waste such as waste electronic products. In 2024, the Company did not have any major environment protection issues, was not punished for events violating the environment protection regulations, and did not receive any environmental complaints.

In 2024, the Company consistently integrates the concept of green operations into all aspects of its operations and office management, putting into practice the principles of low-carbon and energy-saving. The Company actively promotes the concept of environmental protection on important festivals regarding environmental protection, advocates green production and lifestyle, and actively organizes green public welfare activities such as voluntary tree planting, garbage clean-up in parks and “protecting nature and caring for sanitation workers” in 2024 to contribute to the construction of a beautiful China with practical actions.

### 3. Measures Taken to Reduce its Carbon Emissions during the Reporting Period and their Effects

The Company proactively responds to the national initiatives for energy conservation and emissions reduction, continues to undertake activities associated with energy conservation and loss reduction and so that it can cut down the energy consumption and carbon emissions in the Company's operations and employee's work and life and can jointly promote green and low-carbon development.

In terms of green operation, the Company continued to strengthen the management of energy use in office areas, promote paperless office, and regulate waste recycling. For example, intelligent control over the lighting and elevators in the office area at headquarters, the lights automatically turn off during non-working hours, and less elevators during off-peak hours, the air conditioner adopts intelligent temperature control system to automatically adjust the temperature according to the temperature difference between indoor and outdoor; high-efficiency and energy-saving

## SECTION 5 REPORT OF DIRECTORS

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equipment is introduced during the decoration and transformation of the office environment; the integrated construction of information system promotes a paperless office, covering business operation, daily office, meeting, training, use of stamps and other matters, promote the use of emails, electronic processes, electronic seal system and electronic equipment to reduce paper consumption and carbon dioxide emissions. During the Reporting Period, the Company officially launched the electronic seal system, which covered 18 scenarios including contract review, use of seals, document issuance, labor contract and various document signing, and more than 50,000 electronic documents were signed.

In terms of green travel, the Company encouraged and acted on the vision of low-carbon business travel, conducted rigorous review of official vehicles and optimized official vehicle dispatch. Fuel consumption is controlled and tracked in a scientific way. Green commuting is advocated among employees.

In terms of green procurement, the Company paid attention to not only the cost-effectiveness of suppliers and the quality of products but also attached importance to environmental factors. It gives priority to the purchase and use of energy-efficient, water-saving, materials-saving materials, products and services that meet environmental standards.

For further details on environmental policy and performance, please refer to the 2024 Sustainable Development & Environmental, Social and Governance (ESG) Report of CSC Financial Co., Ltd., which is disclosed simultaneously with this annual report.

### XXVIII. PENSION SCHEMES

The Group has provided its full-time employees in mainland China and jurisdictions outside mainland China with relevant pension insurance plans as required by the government authorities or by local labor laws (including the basic pension insurance in mainland China and the Mandatory Provident Funds in Hong Kong), and there are no forfeited contributions for the Group under these pension insurance plans.

The Group has also provided another defined contribution plan, i.e. corporate annuity scheme in mainland China, to some of its employees in mainland China. According to the requirements of the scheme, when an employee resigns, part of the amounts of the Company's contributions not vested in the employee may be reallocated to the Company's corporate annuity account based on the employee's actual working time. Such reallocated contributions will not affect the annuity contribution level of existing employees. No forfeited contributions are used to reduce the current contribution levels.

### XXIX. FUTURE DEVELOPMENT/PROSPECT

Please refer to "Discussion and Analysis on Future Development of the Company" in "Section 4 Management Discussion and Analysis" of this annual report for the Company's future development and prospect.

By order of the Board  
**LIU Cheng**  
Chairman

Beijing, the PRC,  
March 27, 2025



## SECTION 6 OTHER SIGNIFICANT EVENTS

### I. ANALYSIS AND EXPLANATION OF THE BOARD OF DIRECTORS ON REASONS FOR AND IMPACT OF CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ACCOUNTING METHODS

During the Reporting Period, there were no significant changes in the major accounting policies and significant accounting estimates of the Company and there were no rectification on significant material accounting errors of the Company.

### II. ENGAGEMENT OR DISMISSAL OF ACCOUNTING FIRMS

*Unit: RMB ten thousand*

Current appointment	
Name of the domestic accounting firm	KPMG Huazhen LLP
Remuneration for the domestic accounting firm	152.5
Term of audit service of the domestic accounting firm	2 years
Name of certified public accountants of the domestic accounting firm	GUAN Yiming and WANG Guobei
Continued term of auditing services by certified public accountants of the domestic accounting firm	2 years
Name of the overseas accounting firm	KPMG
Remuneration for the overseas accounting firm	93
Term of audit service of the overseas accounting firm	2 years

*Unit: RMB ten thousand*

	Name	Remuneration
Accounting firm for internal control audit	KPMG Huazhen LLP	32

### III. EXPLANATION OF ENGAGEMENT OR DISMISSAL OF ACCOUNTING FIRMS

As being considered and approved at the 2023 annual general meeting, the Company reappointed KPMG Huazhen LLP and its overseas member firm, KPMG, as the external auditors of the Company for 2024, which should be responsible for the provision of the relevant annual audit and interim review services in accordance with the China Accounting Standards for Business Enterprises and the International Financial Reporting Standards, respectively. KPMG Huazhen LLP was appointed as the internal control auditor of the Company for 2024. For details, please refer to the relevant announcements of the Company.

## SECTION 6 OTHER SIGNIFICANT EVENTS

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### IV. SUSPECTED VIOLATIONS OF LAWS AND REGULATIONS OF SANCTIONS AND RECTIFICATIONS IMPOSED ON THE LISTED COMPANY, AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

1. On January 3, 2024, the SZSE imposed the self-discipline supervision measure of written warning to the Company, pointing out that the Company (as the sponsor) had the following noncompliant behaviors during the course of sponsoring the initial public offering and listing of shares of XTX Technology Inc. on the ChiNext Board: failure to pay enough attention to the condition of the market where the issuer was in and the comparable companies in the same industry, failure to adequately verify the sales of the issuer to the end customers, failure to express prudent professional opinions on the expected results of the issuer, and failure to urge the issuer to improve the quality of its information disclosure.

In response to the penalty, the Company has actively implemented rectification measures, and enhanced the investment banking practicing ability of its practitioners through issuing business reminders, continuously carrying out training, intensifying industrial knowledge learning and exchange and other methods, so as to further enhance the awareness of fulfilling duties of business staff, and enhance risk control awareness of staff at quality control and internal audit positions.

2. On January 24, 2024, Shandong CSRC imposed the administrative supervision measure of issuing a warning letter to the Company, pointing out that the Company had the problem of non-normative continuous supervision: Yunding Technology Co., Ltd. had defects of systems and irregular utilization of raised funds. As a sponsor, the Company failed to perform its obligations of continuously supervising the issuer in improving its systems and taking measures to regulate the process of using raised funds to replenish working capital and repay debts. Due to the aforementioned behaviors, the SZSE imposed the self-discipline supervision measure of written warning to the Company on July 3, 2024.

In response to the penalty, the Company has actively implemented rectification measures, and enhanced the issuer's awareness of using the raised funds in a compliant manner and the Company's own sense of responsibility in continuous supervision by organizing staff to deeply study the relevant regulations, intensifying the continuous supervision on and training of relevant personnel of the issuer, further strengthening on-site inspections of the utilization of raised funds by the issuer, and other methods.

## SECTION 6 OTHER SIGNIFICANT EVENTS

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3. On April 24, 2024, Guangdong CSRC imposed the administrative supervision measure of issuing a warning letter to the Company, pointing out that the Company, as the lead underwriter and bond trustee of the Bond “23 Gedi 01” (23格地01) of Gree Real Estate Co., Ltd., failed to keep sufficient original copies regarding the work with consulting and auditing institutions, failed to make records of interviews with the management of the issuer, and failed to disclose the provisional entrusted management report regarding significant losses of the issuer. Due to the aforementioned behaviors, the SSE imposed the supervision measure of issuing a written warning to the Company on May 28, 2024.

In response to the above penalty, the Company has actively implemented rectification measures, and continuously organized a series of training sessions for high-level practice in bond business, issued business reminders for compliance, streamlined and refined the practicing requirements for conducting trustee bond business. The Company has improved the quality assessment of daily practices, enhanced the assessment mechanism, and strengthened internal accountability, thereby further enhancing the bond practice capabilities of business employees and practice quality of the corporate bond business.

4. On April 30, 2024, Beijing CSRC imposed the administrative supervision measure of ordering the Company to increase the times of compliance investigations, pointing out that the Company had the following issues: imprudence in carrying out OTC options and proprietary business, insufficient management of practitioners, and irregular corporate governance, reflecting the Company's failure to effectively implement compliance management, risk management and internal control.

In response to the penalty, the Company has actively implemented rectification measures, revised the system and process of the OTC options and proprietary business, enhanced the management of practitioners, increased compliance training, continuously improved internal governance of the Company, strictly implemented requirements for compliance, risk management and internal control, and increased the number of internal compliance investigations as required.

5. On May 14, 2024, the SSE imposed the supervision measure of regulatory warning on the Company, pointing out that the Company, as the sponsor for applications for initial public offering and the SSE STAR listing of shares of Shenzhen Zhongxing Innovative Material Technologies Co., LTD, did not sufficiently fulfil the sponsor's responsibilities of sponsoring in relevant projects, including apparently insufficient investigation of the rectification and operation of internal control deficiencies associated with waste diaphragm management of the issuer and apparently insufficient verification of the issuer's research and development expenses.

In response to the penalty, the Company has actively implemented rectification measures, and continuously provided risk warning education and practice capability enhancement trainings, and refined and enhanced the business requirements, so as to further enhance the awareness of fulfilling duties of business staff, and enhance risk control awareness of staff at quality control and internal audit positions.

## SECTION 6 OTHER SIGNIFICANT EVENTS

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6. On May 17, 2024, Jiangsu CSRC imposed the administrative supervision measure of issuing a warning letter to the Company, pointing out that the Jiangsu Changshu Automotive Trim Group Co., Ltd. (hereinafter referred to as “Changshu Automotive Trim”) did not disclose the circumstance that the implementation progress of Shangrao project, Shangrao project and Yuyao project was lagging behind the schedule in its special reports on the deposit and actual use of the proceeds at all times, therefore the risk warning was insufficient, and the information disclosed was untrue. Consequently, the Company, as the sponsor, failed to diligently and continuously fulfill its supervision obligations and did not identified the above issues. Moreover, it issued untrue verification opinions in its special verification reports on the actual use of the proceeds raised by Changshu Automotive Trim at all times.

In response to the penalty, the Company has actively implemented rectification measures by ordering relevant personnel to conduct reflection and keep learning to enhance prudent practice. In addition to comprehensively sorting out the usages of the issuer’s proceeds, the Company will urge the issuer to conduct self-check and rectify, enhance continuous supervision on the issuer, and continue to urge Changshu Automotive Trim to improve its information disclosure. Moreover, the Company will further strengthen its internal training and learning, and raise its awareness in compliance, responsibility and risk.

7. On June 19, 2024, the SSE imposed the supervision measure of regulatory warning on the Company, pointing out that the Company, as sponsor of Da Shenlin Pharmaceutical Group Co., Ltd\* (大參林醫藥集團股份有限公司) for issuing stocks to a specific subject, failed to properly perform the following sponsorship duties: Da Shenlin (Maoming) Chain Drugstore Limited\* (茂名大參林連鎖藥店有限公司) (hereinafter referred to as the “Maoming Subsidiary”), a wholly-owned subsidiary of the issuer, was under investigation in August 2023, and Ke Jinlong (one of the de facto controllers and a director of the issuer at that time) had been under criminal detention; in November 2023, Maoming Subsidiary and Ke Jinlong were each prosecuted according to law on suspicion of organizational bribery. After the above-mentioned matters occurred, the sponsor did not report them to the SSE in a timely manner as required or applied for review suspension. It was not until March 14, 2024, when the issuer informed the sponsor, that the sponsor reported the above matters to the SSE. As a result, the sponsor failed to perform its duties diligently during the sponsorship period for the project and failed to detect and report relevant matters to the SSE in a timely manner.

In response to the penalty, the Company has actively implemented rectification measures, and enhanced its practitioners’ ability and acumen by means of refining verification procedures, conducting continuing business training and issuing compliance reminders, so as to further improve the quality of sponsor work.

## SECTION 6 OTHER SIGNIFICANT EVENTS

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8. On July 19, 2024, the SSE imposed the supervision measure of regulatory warning on the Company, pointing out that the Company, as the sponsor of Zhengzhou Hengda Intelligent Control Technology Co., Ltd.\* (鄭州恒達智控科技股份有限公司) (hereinafter referred to as “Hengda Intelligent Control”) for the initial public offering and listing of its shares on the STAR Market, had inadequately performed its sponsorship duties in the following ways: the Company failed to adequately verify Hengda Intelligent Control’s research and development expenses, and the confirmation procedures were not carried out adequately, resulting in relevant inaccurate disclosures and failure to adequately fulfil sponsorship duties.

In response to the penalty, the Company has actively implemented rectification measures, conducted deep introspect on the causes of problems and actively implemented rectification by urging Hengda Intelligent Control to further strengthen the rectification of relevant internal control processes such as research and development expenses, improving due diligence and paperwork requirements, carrying out compliance and accountability, continuously carrying out training on business capability improvement and other rectification measures, so as to further improve the compliance risk awareness and due diligence ability of relevant personnel.

9. On September 3, 2024, the SZSE imposed the self-discipline supervision measure of written warning on the Company, pointing out that the Company, as the project sponsor of Changchun Zhuoyi Biological Co. Ltd. (hereinafter referred to as “Zhuoyi Biological”) for the initial public offering of shares and listing on the Main Board, had committed the following non-compliant behaviors in the course of its practice: failing to pay sufficient attention to and prudently verify that the implementation of the internal control system of Zhuoyi Biological’s promotional activities was not in place and that the accounting practices was not in compliance with the regulations; failing to adequately review Zhuoyi Biological’s related transactions; and failing to supervise Zhuoyi Biological in fully disclosing the mixing of its staff and business premises with those of its controlling shareholders and its rectification of such mixing.

In response to the penalty, the Company has actively implemented rectification measures, urged Zhuoyi Biological to further strengthen the rectification and implementation of internal control processes relating to marketing activities and accounting, improved the verification procedures for R&D expenses and other subjects in accordance with the requirements of regulations, and simultaneously revised the contents of due diligence paperwork, and at the same time, continued to carry out training to enhance its business capabilities.

## SECTION 6 OTHER SIGNIFICANT EVENTS

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10. On October 18, 2024, the CSRC disclosed the administrative measure on imposing a regulatory interview to the Company and Mr. LIU Naisheng as the senior executive in charge of investment banking business, pointing out that the Company failed to perform adequate due diligence in some projects; and it failed to effectively supervise and urge the issuer to properly manage the dedicated fund-raising account; the internal audit department failed to pay full attention to risks to the projects; the externally disclosed prospectus, after substantial modifications, failed to be re-approved by the internal control department.

In response to the penalty, the Company has made immediate rectifications for relevant issues, further improved internal control processes for due diligence, continuous supervision on the management of raised funds, tracking and implementation of internal audit opinions, and consistency of external disclosure documents, continued to provide training to business staff on their practice and strengthened the control of the internal control departments, including quality control, internal audit, compliance and risk control, over the development of the investment banking business.

### **Subsequent events:**

On January 10, 2025, Beijing CSRC imposed the administrative supervision measure of order the Company to rectify, pointing out that there were deficiencies in the investor suitability management and internal control management of the derivative business and brokerage business of the Company, reflecting inadequate coverage of the Company's compliance management.

In response to the penalty, the Company has actively implemented rectification measures by strengthening internal control management, intensifying suitability management, carrying out special training, optimizing business system and other ways, to further improve the management level and management standards of derivative business and brokerage business.



## SECTION 6 OTHER SIGNIFICANT EVENTS

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### V. MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Company was not subject to any major litigation, arbitration or other matters with an amount exceeding RMB10 million and accounting for more than 10% of the absolute value of the Company's latest audited net assets which was required to be disclosed under the SSE Listing Rules.

### VI. MATERIAL CONTRACTS AND EXECUTION

During the Reporting Period, the Company did not have significant contracting or lease arrangements which were required to be disclosed under the SSE Listing Rules, nor did it have any such arrangements carried forward to the Reporting Period from the previous period.

### VII. RELATED PARTY/CONNECTED TRANSACTIONS

The Company conducts related party/connected transactions in strict compliance with the Hong Kong Listing Rules, the SSE Listing Rules and "Policy on Management of Related Party Transactions of the Company" (公司關聯交易管理制度). The Company's related party/connected transactions were conducted based on the principles of fairness, openness and impartiality, and the related party/connected transaction agreements were entered into based on the principles of equality, voluntariness, equivalent and compensation.

During the Reporting Period, the Company was in compliance with the requirements of connected transactions in Chapter 14A under the Hong Kong Listing Rules. During the Reporting Period, the Company did not have connected transaction which would be required to be disclosed under such rules. Details on related party transactions under the relevant accounting standards were set forth in Note 51 to the Consolidated Financial Statements as appended.

### VIII. MATERIAL ACQUISITIONS AND DISPOSAL DURING THE REPORTING PERIOD

During the Reporting Period, the Group did not have material acquisitions, disposals or swaps, and asset reorganizations of subsidiaries, associates, joint operations or joint ventures.

### IX. MAJOR INVESTMENTS

During the Reporting Period, the Group did not make any major investments.

## SECTION 7 CHANGES IN SHARES AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

### I. SHARE CAPITAL STRUCTURE OF THE COMPANY

As of the end of the Reporting Period, the total share capital of the Company was 7,756,694,797 Shares, including 6,495,671,035 A Shares and 1,261,023,762 H Shares. During the Reporting Period, there was no change in the total number of shares and the share capital structure of the Company.

As of the end of the Reporting Period, the shareholding of the top ten Shareholders of the Company was as follows:

Name of Shareholders	Type of Shares	Number of Shares	Percentage in the total number of Shares
Beijing Financial Holdings Group (北京金控集團)	A Shares	2,684,309,017	34.61%
	H Shares	93,080,000	1.20%
Central Huijin (中央匯金)	A Shares	2,386,052,459	30.76%
Other Shares held under the name of HKSCC Nominees Limited (香港中央結算(代理人)有限公司) (Note 1)	H Shares	816,037,428	10.52%
CITIC Securities (中信証券)	A Shares	382,849,268	4.94%
Glasslake Holdings (鏡湖控股) (Note 2)	H Shares	351,647,000	4.53%
Tengyun Investment (騰雲投資)	A Shares	109,556,553	1.41%
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司) (Note 3)	A Shares	79,891,208	1.03%
Fujian Gui'an Xintiandi Tourism Culture Investment Co., Ltd. (福建貴安新天地旅遊文化投資有限公司)	A Shares	38,861,000	0.50%
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange Traded Index Securities Investment Fund (中國工商銀行股份有限公司 – 華泰柏瑞滬深300交易型開放式指數證券投資基金)	A Shares	22,481,198	0.29%
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund (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)	A Shares	18,934,839	0.24%
Other public holders of A Shares	A Shares	772,735,493	9.96%
Other public holders of H Shares	H Shares	259,334	Less than 0.01%
Total		<u>7,756,694,797</u>	<u>100.00%</u>

**Note 1:** HKSCC Nominees Limited is the nominee holder of the H Shares held by non-registered shareholders, and the Shares listed in the above table are other H Shares held by HKSCC Nominees Limited other than Beijing Financial Holdings Group and Glasslake Holdings.

**Note 2:** Glasslake Holdings entered into a Share Transfer Agreement with CITIC Financial Holdings in December 2024, agreeing to transfer all 351,647,000 H shares of the Company it held (representing 4.53% of the total share capital). Glasslake Holdings and CITIC Financial Holdings Co., Ltd. are both wholly-owned subsidiaries of CITIC Limited, and their ultimate controlling entity is CITIC Group. The aforementioned transfer was completed in March 2025.

**Note 3:** The Shares held by Hong Kong Securities Clearing Company Limited are A Shares held by non-registered Shareholders under Shanghai Stock Connect.

## SECTION 7 CHANGES IN SHARES AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

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### II. SHAREHOLDERS

As of December 31, 2024, the total number of Shareholders of the Company was 144,713. Among them, 144,654 were A Shareholders and 59 were H Share registered Shareholders.

The H Share registered Shareholders included HKSCC Nominees Limited, which held H Shares of the Company as the nominee for all institutional and individual investors that maintained an account and were registered with it as of December 31, 2024.

### III. INFORMATION ON SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

As of December 31, 2024, Beijing Financial Holdings Group, the largest Shareholder of the Company, held 35.81% of the Shares of the Company; Central Huijin, the second largest Shareholder of the Company, held 30.76% of the Shares of the Company.

During the Reporting Period, the number of Shares held by and shareholding percentage of Beijing Financial Holdings Group and Central Huijin remained unchanged.

#### (I) Beijing Financial Holdings Group

Beijing Financial Holdings Group was established on October 19, 2018. Its legal representative is FAN Yuanning and its registered capital is RMB12.000 billion. The scope of business includes: financial holding company business, and other businesses as approved by People's Bank of China.

#### (II) Central Huijin

Central Huijin was established on December 16, 2003. Its legal representative is ZHANG Qingsong and its registered capital is RMB828.209 billion. The scope of business includes: accepting the authorization by the State Council to conduct equity investment in key state-owned financial enterprises; and other related businesses approved by the State Council.

### IV. DISCLOSURE OF INTERESTS

#### Interests and short positions to be disclosed by the Shareholders pursuant to the Securities and Futures Ordinance

Pursuant to Section 336 of the Securities and Futures Ordinance, shareholders are required to disclose their interests when they hold 5% or more of the voting shares of the Company's A shares or H shares, and are required to make further disclosure when the subsequent changes of their interest reached the prescribed threshold.

To the knowledge of the Company, as at December 31, 2024, the following Shareholders (except Directors, Supervisors or chief executives) had interests or short positions in any Shares and underlying Shares of the Company required to be recorded in the register to be kept by the Company under Section 336 of the Securities and Futures Ordinance:

As the changes in interest are only subject to disclosure when the whole percentage level is crossed, the number of shares shown in the table below may not accurately reflect the latest shareholding of the respective shareholders as at the end of the Reporting Period.

## SECTION 7 CHANGES IN SHARES AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

Name	Capacity	Number of Shares Directly and Indirectly Held	Class of Shares	Nature of Interest	Approximate Percentage of the Total Issued Ordinary Share Capital	Approximate Percentage of the Relevant Class of Shares
1. Beijing Financial Holdings Group (北京金融控股集團) <i>(Note 1)</i>	Beneficial owner	2,684,309,017	A Shares	Long positions	34.61%	41.32%
	Beneficial owner	89,249,500	H Shares	Long positions	1.15%	7.08%
2. Central Huijin (中央匯金)	Beneficial owner	2,386,052,459	A Shares	Long positions	30.76%	36.73%
3. CITIC Securities (中信證券)	Beneficial owner	382,849,268	A Shares	Long positions	4.94%	5.89%
		250,000	A Shares	Short positions	Less than 0.01%	Less than 0.01%
	Approved lending agent	250,000	A Shares	Long positions (Lending pool)	Less than 0.01%	Less than 0.01%
4. Glasslake Holdings (鏡湖控股) <i>(Note 2)</i>	Beneficial owner	351,647,000	H Shares	Long positions	4.53%	27.89%
5. Affluent East Investments Limited (東滿投資有限公司) <i>(Note 2)</i>	Interest of controlled corporation	351,647,000	H Shares	Long positions	4.53%	27.89%
6. CITIC Limited (中信股份) <i>(Note 2)</i>	Interest of controlled corporation	351,647,000	H Shares	Long positions	4.53%	27.89%
7. CITIC Group (中信集團) <i>(Note 2)</i>	Interest of controlled corporation	351,647,000	H Shares	Long positions	4.53%	27.89%

### Notes:

- (1) Pursuant to information provided by HKExnews website of HKEX, Beijing Financial Holdings Group held 89,249,500 H Shares of the Company; according to the Company's announcement, Beijing Financial Holdings Group held 93,080,000 H shares of the Company. When the shareholdings of the Shareholders in the Company change, it is not necessary for the Shareholders to notify the Company and the Hong Kong Stock Exchange unless certain criteria are fulfilled. Therefore, the latest shareholdings of the substantial Shareholders in the Company may be different from the shareholdings filed with the Hong Kong Stock Exchange.
- (2) Glasslake Holdings is wholly-owned by Affluent East Investments Limited (東滿投資有限公司) ("Affluent East Investments"), which is in turn a wholly-owned subsidiary directly controlled by CITIC Limited. CITIC Group indirectly holds a majority of equity interest in CITIC Limited. Therefore, each of Affluent East Investments, CITIC Limited and CITIC Group is deemed to be interested in the H Shares held by Glasslake Holdings under the Securities and Futures Ordinance.

Save as disclosed above, as at December 31, 2024, to the knowledge of the Company, no other person (except Directors, Supervisors and senior management of the Company) had interests and short positions in the Shares, underlying Shares and debentures of the Company which were required, pursuant to Section 336 of the Securities and Futures Ordinance, to be recorded in the register to be kept by the Company referred to therein.

Save as disclosed in this report, as at December 31, 2024, Directors did not hold positions as directors or employees in companies which had interests or short positions that needed to be notified to the Company under divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

## V. ISSUANCE OF SHARES OR CHANGES IN REGISTERED CAPITAL OF THE COMPANY

During the Reporting Period, the Company did not issue any shares or sell treasury shares, and there was no change in the registered capital of the Company.

## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### I. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### (I) Changes in Shareholding and Remuneration of Current and Resigned Directors, Supervisors and Senior Management from the Reporting Period to the Date of Disclosure

Unit: Share

Name	Position	Gender	Date of birth	Commencement date of current term of office	Expiry date of current term of office	Number of Shares held at the beginning of the year	Number of Shares held at the end of the year	Increase or decrease in the number of Shares for the year	Total remuneration before tax received from the Company during the Reporting Period (RMB ten thousand)	Whether to receive remuneration from related parties of the Company
LIU Cheng	Chairman, Executive Director, and Chairman of Executive Committee	Male	December 1967	March 2025	Upon expiry	0	0	0	0	No
LI Min	Vice Chairman of the Board and Non-executive Director	Male	September 1976	April 2024	Upon expiry	0	0	0	0	Yes
JIN Jianhua	Executive Director, General Manager, Member of Executive Committee	Male	January 1971	November 2024	Upon expiry	0	0	0	23.40	No
YAN Xiaolei	Non-executive Director	Male	July 1975	April 2024	Upon expiry	0	0	0	0	Yes
LIU Yanming	Non-executive Director	Male	September 1978	April 2024	Upon expiry	0	0	0	0	Yes
YANG Dong	Non-executive Director	Male	July 1976	April 2024	Upon expiry	0	0	0	0	No
HUA Shurui	Non-executive Director	Female	June 1979	June 2024	Upon expiry	0	0	0	0	No
WANG Hua	Non-executive Director	Female	August 1976	April 2024	Upon expiry	0	0	0	0	No
PO Wai Kwong	Independent Non-executive Director	Male	January 1957	April 2024	Upon expiry	0	0	0	36.50	No
LAI Guanrong	Independent Non-executive Director	Male	December 1962	April 2024	Upon expiry	0	0	0	37.00	No
ZHANG Zheng	Independent Non-executive Director	Male	August 1972	April 2024	Upon expiry	0	0	0	36.50	No
WU Xi	Independent Non-executive Director	Male	November 1977	April 2024	Upon expiry	0	0	0	37.00	No
ZHENG Wei	Independent Non-executive Director	Male	March 1974	April 2024	Upon expiry	0	0	0	36.50	No
LIN Xuan	Chairman of the Supervisory Committee	Female	February 1972	January 2025	Upon expiry	0	0	0	118.94	No
DONG Hongfu	Supervisor	Male	October 1968	April 2024	Upon expiry	0	0	0	0	Yes
LI Fang	Supervisor	Male	August 1983	April 2024	Upon expiry	0	0	0	0	Yes
WANG Xiaoguang	Supervisor	Male	March 1977	April 2024	Upon expiry	0	0	0	0	No
ZHAO Ming	Employee Representative Supervisor	Male	May 1971	April 2024	Upon expiry	0	0	0	100.58	No
DAI Bo	Employee Representative Supervisor	Male	December 1971	December 2024	Upon expiry	0	0	0	10.10	No

## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Position	Gender	Date of birth	Commencement date of current term of office	Expiry date of current term of office	Number of Shares held at the beginning of the year	Number of Shares held at the end of the year	Increase or decrease in the number of Shares for the year	Total remuneration before tax received from the Company during the Reporting Period (RMB ten thousand)	Whether to receive remuneration from related parties of the Company
JIANG Yueqin	Member of Executive Committee	Male	December 1966	April 2024	Upon expiry	0	0	0	135.74	No
HUANG Ling	Member of Executive Committee	Male	October 1976	April 2024	Upon expiry	0	0	0	127.82	No
LI Tiesheng	Member of Executive Committee	Male	July 1971	April 2024	Upon expiry	0	0	0	109.82	No
WANG Guangxue	Member of Executive Committee	Male	June 1972	April 2024	Upon expiry	0	0	0	131.18	No
ZHANG Xinfan	Member of Executive Committee	Male	December 1968	April 2024	Upon expiry	0	0	0	112.22	No
LIU Naisheng	Member of Executive Committee and Secretary of the Board	Male	February 1971	April 2024	Upon expiry	0	0	0	128.42	No
DING Jianqiang	Member of Executive Committee and Chief Compliance Officer	Male	May 1973	April 2024	Upon expiry	0	0	0	100.82	No
XIAO Gang	Member of Executive Committee and Chief Information Officer	Male	June 1969	April 2024	Upon expiry	0	0	0	118.82	No
PENG Wende	Member of Executive Committee and Chief Risk Officer	Male	June 1966	April 2024	Upon expiry	0	0	0	118.22	No
ZHU Jia (Resigned)	Former Non-executive Director	Female	October 1982	April 2018	April 2024	0	0	0	0	Yes
WU Ruilin (Resigned)	Former Vice Chairman of the Board and Non-executive Director	Male	September 1964	April 2024	October 2024	0	0	0	0	No
ZOU Yingguang (Resigned)	Former Executive Director, Member of Executive Committee and Chief Financial Officer	Male	December 1970	April 2024	November 2024	0	0	0	108.16	No
WANG Changqing (Resigned)	Former Chairman of the Board, an Executive Director and the Chairman of the Executive Committee	Male	June 1963	April 2024	March 2025	0	0	0	183.74	No
AI Bo (Resigned)	Former Supervisor	Female	February 1971	April 2018	April 2024	0	0	0	0	No



## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Position	Gender	Date of birth	Commencement date of current term of office	Expiry date of current term of office	Number of Shares held at the beginning of the year	Number of Shares held at the end of the year	Increase or decrease in the number of Shares for the year	Total remuneration before tax received from the Company during the Reporting Period (RMB ten thousand)	Whether to receive remuneration from related parties of the Company
ZHOU Xiaoyu (Resigned)	Former Chairman of the Supervisory Committee	Male	June 1964	April 2024	December 2024	0	0	0	118.38	No
ZHOU Zhigang (Resigned)	Former Member of Executive Committee	Male	May 1964	April 2024	May 2024	0	0	0	61.22	No
ZHANG Zhibin (Resigned)	Former Member of Executive Committee	Male	November 1978	August 2024	November 2024	0	0	0	23.60	No
<b>Total</b>	/	/	/	/	/	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,014.68</b>	/

*Note 1:* Both the “Commencement date of term of office” and “Expiry date of term of office” of current Directors, Supervisors, and Senior Management listed in the table above are all on the date of the current term. For Directors, Supervisors, or Senior Management serving consecutive terms through re-election or re-appointment, please refer to respective biographical details below for the starting date of their first term of office.

*Note 2:* If the abovementioned persons hold multiple positions, the “term of office” are marked depending on holding the positions of Directors, Supervisors, or the senior management members for the first time.

*Note 3:* The above data on total remuneration before tax represents the remuneration accrued and distributed to Directors, Supervisors, and Senior Management during their terms of office attributable to 2024. The final remuneration for the Directors, Supervisors, and Senior Management who received remuneration from the Company during the Reporting Period is still in the process of confirmation, and the remaining portion will be disclosed after confirmation.

## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### (II) Biographical Details of Current Directors, Supervisors and Senior Management of the Company

Name	Main professional experience
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#### LIU Cheng

Mr. LIU is the secretary of the Party Committee, Chairman of the Board, an Executive Director and the Chairman of the Executive Committee of the Company. Mr. LIU joined the Company in January 2025, and has been serving as Chairman of the Board, an Executive Director and the Chairman of the Executive Committee since March 2025.

Mr. LIU worked for the Finance Department of the Central College of Finance and Economics (now Central University of Finance and Economics), the National Planning Committee (now National Development and Reform Commission) and the General Office of the State Council. From April 2018 to January 2025, Mr. LIU served as a member of the Party Committee, deputy secretary of the Party Committee, Chairman of the Supervisory Committee, Executive Vice President of the Bank, President and Executive Director of China CITIC Bank Corporation Limited (a company listed on the SSE and the Hong Kong Stock Exchange), concurrently served as the director of CITIC International Financial Holdings Limited, CITIC Bank International Limited and CNCB (Hong Kong) Investment Co., Ltd.

Mr. LIU obtained a bachelor's degree and a master's degree in Economics from the Finance Department of the Central College of Finance and Economics (now Central University of Finance and Economics) and a doctor's degree in Economics from the School of Finance of Renmin University of China. Mr. LIU is a research fellow.

# SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
<b>LI Min</b>	<p>Mr. LI is the Vice Chairman of the Board and the non-executive Director of the Company. Mr. LI has been serving as a Director of the Company since May 2023 and the Vice Chairman of the Board of the Company since June 2023, and currently serves as the deputy general manager of Beijing Financial Holdings Group Limited (北京金融控股集團有限公司) and a director of Beijing International Data Exchange Co., Ltd. (北京國際大數據交易有限公司).</p> <p>Mr. LI served as the deputy director of the sales management division of wealth management products in the personal banking department, and the deputy general manager of the expert team division in the private banking department at Industrial and Commercial Bank of China Limited, the deputy general manager of the personal banking department, the deputy general manager of the asset management department (presiding over the work), the general manager of the asset management department and the deputy president of Hua Xia Bank Co., Limited, and the head of the preparatory group and the chairman of the board of directors at Hua Xia Wealth Management Co., Ltd.</p> <p>Mr. LI obtained a bachelor's degree in International Finance from Shanxi University of Finance and Economics and a master's degree in Agricultural Economic Management from China Agricultural University, and was qualified as an economist.</p>
<b>JIN Jianhua</b>	<p>Mr. JIN is the deputy secretary of the Party Committee, an Executive Director, the General Manager and a member of the Executive Committee of the Company. Mr. JIN joined the Company in November 2024, and has been serving as an Executive Director, the General Manager and a member of the Executive Committee since November 2024.</p> <p>Mr. JIN previously served as the deputy general manager of the Investment Banking Department (Beijing), member of the Investment Banking Management Committee, head of the financial industry group, head of the equipment manufacturing industry group and head of the M&amp;A business line of CITIC Securities Co., Ltd., member of the Senior Management of the Company, general manager of Goldstone Investment Co., Ltd., chairman of CITIC Private Equity Funds Management Co., Ltd., deputy general manager of CITIC Investment Holdings Limited, general manager of CITIC Private Fund Management Co., Ltd and previously served as a director of Shanghai Baosteel Packaging Co., Ltd. (a company listed on the SSE).</p> <p>Mr. JIN obtained a Bachelor's degree in industrial foreign trade and a Master's degree in technical economics from Xi'an Jiaotong University, and obtained a Master's degree in business administration from China Europe International Business School.</p>

## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
<b>YAN Xiaolei</b>	<p>Mr. YAN is a non-executive Director of the Company. Mr. YAN has been serving as a Director of the Company since May 2023, and currently serves as the chief investment officer of Beijing Financial Holdings Group Limited, and chairman of the board of directors of Beijing Beijin Futures Co., Ltd (北京北金期貨有限公司) and Beijing Jinkong Capital Co., Ltd. (北京金控資本有限公司).</p> <p>Mr. YAN served as the secretary of the board of directors at BAIC Motor Corporation Limited, the director of securities and finance at Beijing Automotive Group Co., Ltd., a director of BAIC Motor Corporation Limited (a company listed on the Hong Kong Stock Exchange), a director of BAIC BluePark New Energy Technology Co., Ltd. (北汽藍谷新能源科技股份有限公司) (a company listed on the SSE), a director of Bohai Automotive Systems Co., Ltd. (渤海汽車系統股份有限公司) (a company listed on the SSE), chairman of the board of directors of Jingquan Private Equity Fund Management (Beijing) Co., Ltd. (璟泉私募基金管理(北京)有限公司) and a director of Beijing Jinkong Capital Co., Ltd. (北京金控資本有限公司).</p> <p>Mr. YAN obtained a doctor's degree in Management Science majoring in Accounting from the Research Institute for Fiscal Science of the Ministry of Finance (currently known as Chinese Academy of Fiscal Sciences), had the title of senior economist, and was qualified as a Chinese certified public accountant and a chartered financial analyst (CFA).</p>
<b>LIU Yanming</b>	<p>Mr. LIU is a non-executive Director of the Company. Mr. LIU has been serving as a Director of the Company since April 2024, and currently acts as the general manager of the digital economy department of Beijing Financial Holdings Group Limited (北京金融控股集團有限公司).</p> <p>Mr. LIU worked in the Financial Market Office of the People's Bank of China, and successively served as the assistant general manager of the investment banking department and the deputy general manager of the investment banking department of Beijing Rural Commercial Bank Co., Ltd. (北京農村商業銀行股份有限公司), the deputy general manager of Beijing Small and Micro Businesses Financial Comprehensive Services Co., Ltd. (北京小微企業金融綜合服務有限公司), the deputy general manager of Beijing Finance Big Data Co., Ltd. (北京金融大數據有限公司) and the deputy general manager (presiding over the work) and general manager of the capital operation department of Beijing Financial Holdings Group Limited (北京金融控股集團有限公司).</p> <p>Mr. LIU obtained a bachelor's degree with major in business administration and a master's degree with major in technological economy and management from Jilin University, and was qualified as an economist.</p>

## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
<b>YANG Dong</b>	<p>Mr. YANG is a non-executive Director of the Company. Mr. YANG has been serving as a Director of the Company since October 2021, and currently serves as a Dedicated External Director of Central Huijin Investment Ltd.</p> <p>Mr. YANG worked at Tianjin Branch of the People's Bank of China, CBIRC Tianjin Office and other institutions, and successively served as the senior deputy manager and senior manager of the Banking Department of Central Huijin Investment Ltd.</p> <p>Mr. YANG obtained a doctor's degree in Economics from Renmin University of China, and had the title of senior economist.</p>
<b>HUA Shurui</b>	<p>Ms. HUA is a non-executive Director of the Company. Ms. HUA has been serving as a Director of the Company since June 2024, and is currently a Dedicated External Director of Central Huijin Investment Ltd.</p> <p>Ms. HUA was the deputy general manager of Jilin Province Trust Co., Ltd. (吉林省信託有限責任公司), the general manager of the Wealth Management Center of Everbright Securities Co., Ltd., the assistant to the general manager of China Huadian Capital Holdings Co., Ltd., the chairman of the board of directors of Yibin Development Holding Group Company (宜賓發展控股集團公司), the vice mayor of Yibin Municipal Government, and served as a director of China Fortune International Trust Co., Ltd. (華鑫國際信託有限公司), a director of CCB Principal Asset Management Co., Ltd. and a director of Yibin Tianyuan Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange), as well as a director of the Financial Services Bureau of Yibin City (宜賓市金融工作局).</p> <p>Ms. HUA obtained a bachelor's degree in Engineering from Jilin Institute of Technology (吉林工學院) (currently Changchun University of Technology (長春工業大學)), and a master's degree in arts and a doctoral degree in economics from Jilin University (吉林大學).</p>

## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
<b>WANG Hua</b>	<p>Ms. WANG is a non-executive Director of the Company. Ms. WANG has been serving as a Director of the Company since June 2021, and currently serves as the deputy director of the Party Committee Organization Department and the deputy general manager of the Human Resources Department of CITIC Group Corporation, and a director of CITIC Telecom International Holdings Limited (a company listed on Hong Kong Stock Exchange).</p> <p>Ms. WANG served as the director of the Tax Division of the Finance Department, the assistant to the general manager of the Finance Department and the director of the Tax Division, the deputy general manager of the Finance Department and the director of the Tax Division and the deputy general manager of the Finance Department of CITIC Group Corporation, a director of CITIC Heavy Industries Co., Ltd. (a company listed on the SSE), a director of Zhonghai Trust Co., Ltd., a director of China Agriculture Industry Development Fund Co., Ltd. and a director of CITIC Urban Development &amp; Operation Co., Ltd.</p> <p>Ms. WANG obtained a bachelor's degree and a master's degree in Accounting from Dongbei University of Finance &amp; Economics.</p>
<b>PO Wai Kwong</b>	<p>Mr. PO is an independent non-executive Director of the Company. Mr. PO has been serving as an independent Director of the Company since May 2021, and an independent director of Citibank (Hong Kong) Limited since July 2021, and currently also serves as a member of the Hang Seng Index Advisory Committee in Hong Kong and an honorary advisor to the Hong Kong Investment Funds Association.</p> <p>Mr. PO served as the senior director of the Securities and Futures Commission (證券及期貨事務監察委員會) of Hong Kong, the executive director of the Insurance Authority (保險業監管局) of Hong Kong and a member of International Advisory Council of the CSRC, and an independent director of Everbright Securities Company Limited (a company listed on the SSE and the Hong Kong Stock Exchange).</p> <p>Mr. PO obtained a bachelor's degree and a master's degree in Business Administration from the Chinese University of Hong Kong (香港中文大學), and was also an accountant.</p>



## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
<b>LAI Guanrong</b>	<p>Mr. LAI is an independent non-executive Director of the Company. Mr. LAI has been serving as an independent Director of the Company since May 2021. In addition, Mr. LAI has also been serving as an independent director of Chinasoft International Limited (a company listed on Hong Kong Stock Exchange), an independent director of Dongxing Securities Co., Ltd. (a company listed on the SSE), and an independent director of New China Life Insurance Company Ltd. (a company listed on the SSE).</p> <p>Mr. LAI served as the deputy general manager (presiding over the work) of Min Fa Security Limited Company (閩發證券有限責任公司), the deputy chief officer of the office of Fujian Branch of People's Bank of China (中國人民銀行福建省分行), the general manager of Fujian Minnan Qiaoxiang Trust and Investment Company (福建省閩南僑鄉信託投資公司), the president of Huafu Securities Co., Ltd. (華福證券有限責任公司), the secretary of the Party Committee and president of Jiahe Life Insurance Co., Ltd. (嘉禾人壽保險股份有限公司), the vice chairman of ABC Life Insurance Co., Ltd. (農銀人壽保險股份有限公司), the chairman of the supervisory committee of Beijing Zhongguancun Science City Construction Holding Co., Ltd. (北京中關村科學城建設股份有限公司), the chief economist and member of the investment committee of Shenzhen CMAF Investment Management Co., Ltd. (深圳市遠致富海投資管理有限公司), an independent director of Xin Yuan Enterprises Group Limited (信源企業集團有限公司) (a company listed on Hong Kong Stock Exchange), and a director of China Sciences Industrial Group Holdings Co., Ltd. (中科實業集團(控股)有限公司).</p> <p>Mr. LAI obtained a bachelor's degree in Economics from Xiamen University, a master's degree in Monetary Banking from the Graduate School of the People's Bank of China, and a doctor's degree in Economics from Xiamen University.</p>
<b>ZHANG Zheng</b>	<p>Mr. ZHANG is an independent non-executive Director of the Company. Mr. ZHANG has been serving as an independent Director of the Company since September 2022, and currently serves as a professor and deputy dean of Guanghua School of Management of Peking University, and an independent director of CCB Trust Co., Ltd. and an independent director of Poly Developments and Holdings Group Co., Ltd. (a company listed on the SSE). Mr. ZHANG currently also serves as the director of National Centre for Financial Research at Peking University.</p> <p>Mr. ZHANG served as an external supervisor of China Cinda Asset Management Co., Ltd. (a company listed on the Hong Kong Stock Exchange) and an independent director of Harbin Bank Co., Ltd. (a company listed on the Hong Kong Stock Exchange).</p> <p>Mr. ZHANG obtained a bachelor's degree and a master's degree with a major in Applied Mathematics from Nankai University, and a doctor's degree in Finance from Peking University.</p>

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Name	Main professional experience
<b>WU Xi</b>	<p>Mr. WU is an independent non-executive Director of the Company. Mr. WU has been serving as an independent Director of the Company since September 2022, and currently serves as a professor and dean of the School of Accountancy of Central University of Finance and Economics, as well as an independent director of Dajia Insurance Group Co., Ltd., an external supervisor of Trust Mutual Life Insurance Company. Mr. WU currently also serves as a member of the Industrial Talent Working Committee of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會行業人才工作委員會), and an executive director of the Council of the China Audit Society.</p> <p>Mr. WU served as the assistant dean and deputy dean of the School of Accountancy of Central University of Finance and Economics, an independent director of China Publishing &amp; Media Co., Ltd. (a company listed on the SSE) and an independent director of Henan Zhongfu Industrial Co., Ltd. (a company listed on the SSE).</p> <p>Mr. WU obtained a bachelor's degree with a major in Accounting from Zhejiang Institute of Finance and Economics (currently known as Zhejiang University of Finance &amp; Economics), and a master's degree and a doctor's degree with a major in Accounting from Central University of Finance and Economics.</p>
<b>ZHENG Wei</b>	<p>Mr. ZHENG is an independent non-executive Director of the Company. Mr. ZHENG has been serving as an independent Director of the Company since October 2023, and currently serves as a professor and director of department of risk management and insurance of School of Economics of Peking University, director of the China Center for Insurance and Social Security Research, Peking University, and concurrently serves as an independent director of Schroder Fund Management (China) Company Limited and an external supervisor of PICC Reinsurance Co., Ltd.</p> <p>Mr. ZHENG served as an assistant director and associate director of department of risk management and insurance of School of Economics of Peking University, an independent director of New China Life Insurance Company Ltd. (a company listed on the SSE and the Hong Kong Stock Exchange) and an external supervisor of China CITIC Bank Corporation Limited. (a company listed on the SSE and the Hong Kong Stock Exchange).</p> <p>Mr. ZHENG obtained a bachelor's degree, a master's degree and a doctor's degree in Economics from the School of Economics of Peking University.</p>

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Name	Main professional experience
<b>LIN Xuan</b>	<p>Ms. LIN is the deputy secretary of the Party Committee, the Chairman of Supervisory Committee and the administrative head of Human Resources Department of the Company. Ms. LIN joined the Company in November 2005, and has been serving as the administrative head of the Human Resources Department since January 2022, and as the Shareholders’ Representative Supervisor and Chairman of the Supervisory Committee of the Company since January 2025. Ms. LIN currently also serves as a vice chairwoman of talent development committee of the Securities Association of China and a member of National Committee of Chinese Financial Union.</p> <p>Ms. LIN served as the business director and assistant to general manager of the investment banking department and the merger and acquisition business department of Huaxia Securities Co., Ltd., and the assistant to general manager, director, executive director and managing director of Investment Banking Department, the administrative head of Internal Inspection Department, and an employee representative Supervisor of the Company.</p> <p>Ms. LIN obtained a bachelor’s degree in Economics from Renmin University of China, a master’s degree in Economics from the Graduate School of the People’s Bank of China (currently known as PBC School of Finance, Tsinghua University), and a doctor’s degree in Economics from Graduate School of Chinese Academy of Social Sciences.</p>



## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
<b>DONG Hongfu</b>	<p>Mr. DONG is the Supervisor of the Company. Mr. DONG has been serving as a Supervisor of the Company since May 2023, and currently serves as the general manager of the risk management department of Beijing Financial Holdings Group Limited.</p> <p>Mr. DONG served as the deputy head of the human resources department at Beijing Capital International Airport Sub-branch of Beijing Branch of Bank of China, the manager of the audit department at Beijing Jing Hua Certified Public Accountants (北京京華會計師事務所), the cadre of the joint-stock commercial bank supervision division in the business management department at the People's Bank of China, the cadre and head of the foreign exchange inspection division in the Beijing foreign exchange management department at the State Administration of Foreign Exchange, the vice president of the Chuxiong Yi Autonomous Prefecture Central Sub-branch of the People's Bank of China, and the deputy head of the investigation and statistics division, the head of the financial stability division and the head of the legal affair division (financial consumers' rights and interests protection division) in the business management department at the People's Bank of China.</p> <p>Mr. DONG obtained a doctor's degree with a major in Finance from Graduate School of Chinese Academy of Social Sciences, and was qualified as a senior economist.</p>
<b>LI Fang</b>	<p>Mr. LI is the Supervisor of the Company. Mr. LI has been serving as a Supervisor of the Company since April 2024, and currently serves as a deputy general manager of the investment and merger department of Beijing Financial Holdings Group Limited (北京金融控股集團有限公司).</p> <p>Mr. LI served as a senior auditor of the auditing department of PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所), the manager of the trading and consultation department of Ernst &amp; Young (China) Advisory Limited, the manager of the trading and consultation department of PricewaterhouseCoopers (Hong Kong), the expatriate financial director of Anbang Life Insurance Co., Ltd., the investment director of the merger and investment department of Wanda Jinsu Investment Management Co., Ltd. (萬達金粟投資管理有限公司), and the assistant to general manager of the investment and merger department of Beijing Financial Holdings Group Limited (北京金融控股集團有限公司).</p> <p>Mr. LI obtained a bachelor's degree with a major in Marketing from Beijing Technology and Business University and a master's degree with a major in Enterprise Management from the University of International Business and Economics.</p>

## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
<b>WANG Xiaoguang</b>	<p>Mr. WANG is the Supervisor of the Company. Mr. WANG has been serving as a Supervisor of the Company since June 2022, and currently serves as a director dispatched to China Jianyin Investment Limited by Central Huijin Investment Ltd.* (中央匯金投資有限責任公司), a director of JIC Trust Co., Ltd. (中建投信託股份有限公司) and a director of Jiantou Holdings Co., Ltd. (建投控股有限責任公司).</p> <p>Mr. WANG served as the director of the development statistics and audit bureau of the National Audit Office, and the head of the audit team of the office of the supervisory committee/the companies directly managed by internal audit department, the head of the audit team of the companies directly managed by the audit department and the head of the third team of the audit department of China Investment Corporation.</p> <p>Mr. WANG obtained a bachelor's degree with a major in Accounting from Shanxi University, and was qualified as a senior auditor.</p>
<b>ZHAO Ming</b>	<p>Mr. ZHAO is an employee representative Supervisor, the administrative head of Financial Planning Department and the administrative head of Treasury Department of the Company. Mr. ZHAO has been serving as the administrative head of Financial Planning Department and Treasury Department of the Company since July 2018, and an employee representative Supervisor since April 2019. In addition, he also serves as a supervisor of China Capital, a director of China Securities Investment and a supervisor of China Futures.</p> <p>Mr. ZHAO served as a business director of investment banking department of Huaxia Securities Co., Ltd., the manager of investment banking department of Shanghai Electric Group Finance Co., Ltd. (上海電氣集團財務有限責任公司), and the managing director of Capital Market Department and the managing director of the Investment Banking Department of the Company.</p> <p>Mr. ZHAO obtained a bachelor's degree in Law from the People's Public Security University of China, a master's degree in Law from Southwest University of Political Science and Law, and a master's degree in Business Administration from China Europe International Business School, a senior accountant, and was qualified as a lawyer.</p>

## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
<b>DAI Bo</b>	<p>Mr. DAI is an employee representative supervisor, the administrative head of the Trading Department and the administrative head of the Derivatives Trading Department of the Company. Mr. DAI joined the Company in June 2010 and has been serving as the administrative head of the Derivatives Trading Department since November 2012, concurrently as the administrative head of the Trading Department since July 2013, as an employee representative Supervisor since December 2024, and also as a director of China Futures Co., Ltd. (中信建投期貨有限公司) and a director of China Securities (International) Investment Company Limited (建投(海外)投資有限公司).</p> <p>Mr. DAI was a senior researcher of the Research Department of CITIC Securities Co., Ltd. (中信証券股份有限公司), a research director of CITIC Fund Management Co., Ltd (中信基金管理有限責任公司), an executive general manager of the Asset Management Department of CITIC Securities Co., Ltd., an executive general manager and a managing director of the Trading Department of the Company, and the chairman and general manager of China Securities Investment Co., Ltd (中信建投投資有限公司).</p> <p>Mr. DAI obtained a bachelor's degree in Engineering and a bachelor's degree in Economics from Tsinghua University, a master's degree in Business Administration from China Europe International Business School and a doctor's degree in Engineering from Tsinghua University.</p>



## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

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Name	Main professional experience
<b>JIANG Yueqin</b>	<p>Mr. JIANG is a member of the Party Committee and a member of the Executive Committee of the Company. Mr. JIANG joined the Company in January 2007, and has been serving as a member of the Executive Committee since May 2009. In addition, he also serves as the chairman of the board of directors and the chairman of the executive committee of China Securities International, and a director of China Securities (International) Investment Company Limited (建投(海外)投资有限公司). Mr. JIANG currently also serves as a vice chairman of the Asset Management Association of China and a member of the asset management business committee of the Securities Association of China.</p> <p>Mr. JIANG worked at Shenzhen Shekou Xinxin Software Company, and served as the deputy general manager of Shenzhen Branch, the general manager of trading department and the chief dealer of CITIC Securities Co., Ltd., the general manager of Changsheng Fund Management Co., Ltd., the assistant to general manager, the administrative head of Institutional Business Department and the administrative head of Asset Management Department of the Company, and the chairman of the board of directors of China Fund.</p> <p>Mr. JIANG obtained a bachelor's degree in Engineering and a master's degree in Engineering from University of Electronic Science and Technology of China.</p>

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Name	Main professional experience
<b>HUANG Ling</b>	<p>Mr. HUANG is a member of the Party Committee, a member of the Executive Committee and the Chairman of the Institutional Business Committee of the Company. Mr. HUANG joined the Company in November 2005, and has been serving as a member of the Executive Committee from January 2014, and the Chairman of the Institutional Business Committee from September 2018. In addition, he also serves as the chairman of the board of directors of China Fund and a director of China Securities International. Mr. HUANG has also been serving as the vice chairman of the Green Development Committee of Securities Association of China, and a member of the Asset Management Business Committee of the Securities Association of Beijing.</p> <p>Mr. HUANG served as a senior business director of the general management department of Huaxia Securities Co., Ltd., and the assistant to the general manager of the Debt Business Department, the administrative head of the Bond Underwriting Department, and the Co-Chairman of the Investment Banking Business Committee of the Company.</p> <p>Mr. HUANG obtained a bachelor's degree in Economics from China Institute of Finance, a master's degree in Economics from the Graduate School of the People's Bank of China (currently known as PBC School of Finance, Tsinghua University), and a doctor's degree in Economics from Hunan University, and had the title of senior economist.</p>
<b>LI Tiesheng</b>	<p>Mr. LI is a member of the Executive Committee of the Company. Mr. LI joined the Company in June 2013, and has been serving as a member of the Executive Committee since June 2013. In addition, he also serves as the chairman of the board of directors of China Capital and a member of the Standing Committee of the Securities Association of China.</p> <p>Mr. LI served as the business manager of the securities department and the futures department of China People's Insurance Trust and Investment Company, the general manager of Shenzhen Zhongbaoxin Financial Consultant Co. Ltd, the deputy general manager of Hong Kong Jiangnan Finance Company Limited, the deputy director of Great Wall Securities Co., Ltd., the general manager of New Jiangnan Investment Company Limited, and a member of Party Committee and the vice-president of Beijing Branch of China Merchants Bank Co., Ltd.</p> <p>Mr. LI obtained a bachelor's degree in Engineering from Beijing Institute of Technology and a master's degree in Economics from Renmin University of China.</p>

## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
<b>WANG Guangxue</b>	<p>Mr. WANG is a member of the Executive Committee, the Chairman of the Brokerage Business Management Committee of the Company. Mr. WANG joined the Company in November 2005, and has been serving as a member of the Executive Committee since January 2014 and as the Chairman of the Brokerage Business Management Committee since June 2024. In addition, he also serves as the chairman of the board of directors of China Futures. Currently, Mr. WANG also served as a member of the Securities Industry Cultural Construction Committee of Securities Association of China, a member of the Council of China Futures Association, the vice chairman of the Development Strategy Committee, a member (Chairman) of the Information Technology Application Committee of the 4th Board of Directors and a member of the Strategic Advisory Committee of Dalian Commodity Exchange.</p> <p>Mr. WANG served as a staff of the foreign economic relations department of planning committee of Liyang City, Jiangsu Province (currently known as the development and reform commission of Liyang City), the business manager, senior business director and assistant to general manager of the investment banking department of Huaxia Securities co., Ltd., the assistant to general manager and deputy general manager of the Investment Banking Department, the Administrative Head of the Executive Office and the Secretary of the Board of the Company.</p> <p>Mr. WANG obtained a bachelor's degree in Science from Ocean University of Qingdao (currently known as Ocean University of China), and a master's degree in Economics and a doctor's degree in Economics from Fudan University, and had the title of senior economist.</p>

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Name	Main professional experience
<b>ZHANG Xinfan</b>	<p>Mr. ZHANG is a member of the Executive Committee of the Company. Mr. ZHANG joined the Company in November 2005, and has been serving as a member of the Executive Committee since January 2014. In addition, he also serves as a director of China Futures, a member of the Committee of Securities Brokerage of the Securities Association of China, and the vice chairman of Wealth Management Committee of the Securities Association of Beijing.</p> <p>Mr. ZHANG served as the director of securities business department of Dalian Branch of Industrial and Commercial Bank of China Limited, the manager of Dalian securities business department, the deputy general manager of Shenyang Branch and the deputy general manager of the brokerage business management headquarters of Huaxia Securities Co., Ltd., and the deputy general manager of the Brokerage Business Management Department, the manager of the Securities Business Department of Beijing Dongzhimen South Street, the Chairman of the Brokerage Business Management Committee and the Co-Chairman of the Institutional Business Committee of the Company.</p> <p>Mr. ZHANG obtained a bachelor's degree in Economics from Dongbei University of Finance and Economics, and a master's degree in Business Administration from Peking University, and had the title of senior economist.</p>

# SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
<b>LIU Naisheng</b>	<p>Mr. LIU is a member of the Executive Committee, the Secretary of the Board, the Chairman of the Investment Banking Business Management Committee and the Administrative Head of the Executive Office of the Company. Mr. LIU joined the Company in March 2006, and has been serving as a member of the Executive Committee since January 2014, as the Chairman of the Investment Banking Business Management Committee since January 2021, as the Administrative Head of the Executive Office of the Company since June 2024, and as the Secretary of the Board of the Company since July 2024. In addition, he also serves as a director of China Securities International, a director of Beijing Equity Trading Center Co., Ltd. and a director of Beijing Shunlong Zhiyuan Enterprise Management Consulting Co., Ltd. (formerly Zhongguancun Equity Trading Service Group Co., Ltd.). Mr. LIU currently also serves as the vice chairman of Investment Banking Committee of the Securities Association of China, the vice chairman of Investment Banking Quality Control Committee of the Securities Association of Beijing, a member of the Mergers and Acquisitions Financing Professional Committee of the China Association for Public Companies, the vice chairman of the listing training committee of SZSE and a member of the Public Offering Self-discipline Committee of SSE.</p> <p>Mr. LIU worked at China Xinxing Corporation (Group), China Science and Technology International Trust and Investment Co., Ltd. and China Science and Technology Securities Co., Ltd., and served as the administrative head of the Investment Banking Department and the director of the Investment Banking Business Committee of the Company.</p> <p>Mr. LIU obtained a bachelor's degree in Engineering from Beijing Institute of Machinery (currently known as Beijing Information Science &amp; Technology University) and a master's degree in Business Administration from Tsinghua University, and was qualified as a sponsor representative of A Shares.</p>

## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
<b>DING Jianqiang</b>	<p>Mr. DING is a member of Executive Committee, the Chief Compliance Officer and the administrative head of the Legal and Compliance Department of the Company. Mr. DING joined the Company in November 2005, and has been serving as the administrative head of the Legal and Compliance Department since January 2007, a member of Executive Committee since April 2019, and the Chief Compliance Officer since May 2019. Mr. DING also serves as a member of Securities Compliance Management Committee of Securities Association of China, and a member of Securities Industry Compliance Committee of the Securities Association of Beijing.</p> <p>Mr. DING served as the assistant to the general manager of legal affairs department of Huaxia Securities Co., Ltd., and the assistant to the general manager of the Legal and Compliance Department and the Chief Lawyer of the Company.</p> <p>Mr. DING obtained a bachelor's degree in Law from China University of Political Science and Law, and was qualified as a lawyer.</p>
<b>XIAO Gang</b>	<p>Mr. XIAO is a member of Executive Committee, the Chief Information Officer and the administrative head of the IT Department of the Company. Mr. XIAO joined the Company in November 2005, and has been serving as the administrative head of the IT Department since August 2012, and a member of Executive Committee and the Chief Information Officer since April 2019. Mr. XIAO currently also served as a member of Information Technology Committee of the Securities Association of China, the Chairman of the Fintech and Information Technology Committee of the Securities Association of Beijing, an expert in Fintech Research and Development Center (Shenzhen) of Securities and Futures Industry of SZSE, and a member of WG22 and WG5 Working Groups and a chief expert of WG43 Working Group of Securities Sub-committee of China Financial Standardization Technical Committee.</p> <p>Mr. XIAO worked at Beijing Kangtaike Electronic Technology Co., Ltd. (北京康泰克電子技術有限公司), and served as a senior engineer of Computer Center of Huaxia Securities Co., Ltd., and a senior engineer and deputy general manager of IT Department of the Company.</p> <p>Mr. XIAO obtained a bachelor's degree in Computer Application from Beijing Union University, and had the professional qualification as a senior engineer.</p>



# SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
<b>PENG Wende</b>	<p>Mr. PENG is a member of the Executive Committee, the Chief Risk Officer and the administrative head of the Risk Management Department of the Company. Mr. PENG joined the Company in November 2005, and has been serving as a member of the Executive Committee of the Company since July 2019, the administrative head of the Risk Management Department since February 2023 and the Chief Risk Officer since March 2023. In addition, he also serves as a supervisor of China Securities Investment. Mr. PENG also served as the vice chairperson of Risk Management Committee of Securities Association of China, the vice chairperson of Risk Control Committee of Securities Association of Beijing, a member of Risk Management Committee of SSE and a member of statistical analysis expert group of Party Committee of China Securities Investor Protection Fund Corporation Limited.</p> <p>Mr. PENG served as the head of engineering department of Shine Dew Industrial Limited (鑫達實業有限公司), the deputy general manager of Guangzhou Branch, the general manager of Beijing Sanlihe Securities Business Department and the general manager of Chongqing Branch of Huaxia Securities Co., Ltd., the general manager of Southwest Management Headquarters of the Company, the chairman of the board of directors of China Futures, and a director, the general manager and the chairman of the Executive Committee of China Securities International.</p> <p>Mr. PENG obtained a bachelor's degree in Engineering from Huazhong University of Science and Technology, a master's degree in Management Engineering from South China University of Technology, and a doctor's degree with a major in Enterprise Management from Sun Yat-sen University.</p>

## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### II. POSITIONS HELD BY CURRENT AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD TO THE DISCLOSURE DATE

#### (I) Positions in the Shareholders

Name	Name of the Shareholders	Positions held in the Shareholders	Commencement date of term of office	Expiry date of term of office
LI Min	Beijing Financial Holdings Group	Deputy General Manager	February 2021	Until expiry
YAN Xiaolei	Beijing Financial Holdings Group	Chief Investment Officer	July 2020	Until expiry
LIU Yanming	Beijing Financial Holdings Group	General Manager of the Digital Economy Department	September 2024	Until expiry
YANG Dong	Central Huijin	Dedicated External Director	October 2021	Until expiry
HUA Shurui	Central Huijin	Dedicated External Director	June 2024	Until expiry
DONG Hongfu	Beijing Financial Holdings Group	General Manager of the Risk Management Department	September 2019	Until expiry
LI Fang	Beijing Financial Holdings Group	Deputy General Manager of the Investment and Merger Department	December 2023	Until expiry
WANG Xiaoguang	Central Huijin	Managing Director	December 2022	Until expiry
ZHU Jia (Resigned)	Beijing Financial Holdings Group	Assistant to the General Manager of the Investment and Merger Department	April 2019	Until expiry
WU Ruilin (Resigned)	Central Huijin	Dedicated External Director	October 2019	Until expiry
Explanations on positions in the Shareholders		Positions held by resigned employees in the Shareholders shall be presented in the position he /she held at the time of resignation.		

## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### (II) Positions in Other Entities

Name	Name of other entities	Positions held in other entities	Commencement date of term of office	Expiry date of term of office
WANG Hua	CITIC Group	The Deputy Director of the Party Committee Organization Department and the Deputy General Manager of the Human Resources Department	March 2023	Until expiry
ZHANG Zheng	Peking University	Professor and Deputy Dean of Guanghua School of Management	January 2020	Until expiry
WU Xi	Central University of Finance and Economics	Professor and Dean of School of Accountancy	September 2019	Until expiry
ZHENG Wei	Peking University	Professor and Director of Department of Risk Management and Insurance of School of Economics	September 2010	Until expiry
AI Bo (Resigned)	CIC	Director of the Inspection Office of the Party Committee	June 2020	Until expiry
Explanations on positions in other entities		Those who only serve as independent non-executive directors or external supervisors in other entities are not listed. See "Biographical Details of Current Directors, Supervisors and Senior Management of the Company" under this section in this report for other major appointments.		

## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### III. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY DURING THE REPORTING PERIOD TO THE DISCLOSURE DATE

Name	Positions held	Changes	Reason
LIU Cheng	Chairman of the Board, Executive Director and Chairman of Executive Committee	Elected	Supplemented
JIN Jianhua	Executive Director, General Manager and Member of Executive Committee	Elected	Supplemented
LIU Yanming	Non-executive Director	Elected	Term expiration
HUA Shurui	Non-executive Director	Elected	Supplemented
LI Fang	Supervisor	Elected	Term expiration
DAI Bo (戴波)	Employee Representative Supervisor	Elected	Supplemented
ZHANG Zhibin (張志斌)	Member of Executive Committee	Appointed, resigned	Work change
WANG Changqing	Chairman of the Board, Executive Director and Chairman of Executive Committee	Resigned	To the age of retirement
WU Ruilin	Vice Chairman of the Board and Non-executive Director	Resigned	To the age of retirement
ZOU Yingguang	Executive Director, Member of Executive Committee and Chief Financial Officer	Resigned	Work change
ZHU Jia	Non-executive Director	Resigned	Term expiration
ZHOU Xiaoyu	Chairman of the Supervisory Committee, Supervisor	Resigned	To the age of retirement
AI Bo	Supervisor	Resigned	Term expiration
ZHOU Zhigang (周志鋼)	Member of Executive Committee	Resigned	To the age of retirement

## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

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*Note 1:* On February 20, 2025, due to retirement at age, Mr. WANG Changqing submitted a resignation report to the Board and resigned as the Chairman, Executive Director, Chairman of the Development Strategy Committee of the Board, a member of the Remuneration and Nomination Committee of the Board, and Chairman of the Executive Committee of the Company. Upon his resignation, Mr. WANG Changqing ceased to be the Legal Representative of the Company and the authorised representative under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The above resignation took effect from the date on which a new Executive Director was elected by the Shareholders' general meeting of the Company. On March 13, 2025, the resolution on the election of Mr. LIU Cheng as an Executive Director of the Company was considered and approved at the 2025 Second Extraordinary General Meeting of the Company, pursuant to which Mr. LIU Cheng was elected as the Executive Director of the third session of the Board of Directors. Meanwhile, Mr. LIU Cheng has acted as the Chairman, Chairman of the Development Strategy Committee of the Board, a member of the Remuneration and Nomination Committee of the Board, and Chairman of the Executive Committee of the Company, Legal Representative and the authorised representative under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited since the date when the proposal was approved at the Shareholders' general meeting.

*Note 2:* On December 20, 2024, Ms. LIN Xuan resigned from the position of employee representative Supervisor of the Company due to work arrangements. On January 17, 2025, upon consideration and approval at the 2025 First Extraordinary General Meeting of the Company and being elected at the 9th meeting of the third session of the Supervisory Committee, Ms. LIN Xuan was appointed as the Shareholder representative Supervisor and chairman of the Supervisory Committee.

*Note 3:* On July 8, 2024, upon approval at the 4th meeting of the third session of the Board, Mr. LIU Naisheng was appointed as the secretary to the Board, and assumed office from the date of approval of his appointment proposal by the Board. Mr. WANG Guangxue ceased to be the secretary to the Board.

### IV. RELATIONSHIPS AMONG DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Save as disclosed in this report, there is no relationship among the Directors, Supervisors and senior management of the Company, including finance, business, family or other significant relationships.

## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

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### V. PERFORMANCE OF DUTIES BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### (I) Performance of Duties by Directors and Supervisors

In 2024, in accordance with the provisions under the domestic and overseas laws and regulations, regulatory requirements and the Articles of Association, all Directors of the Company diligently and responsibly performed their responsibilities and obligations in reviewing the issues of the Board and special committees under the Board carefully, provided valuable opinions and recommendations on strategic and development planning, governance system, business development, risk management and compliance management and other aspects, earnestly safeguarded the interests of Shareholders and promoted sustainable and healthy development of the Company.

During the year, the Executive Directors earnestly performed their dual duties in decision making and execution, actively implemented the resolutions of Shareholders' general meetings and Board, and conducted in-depth study of the development and operating strategies of the Company to boost the Company to achieve outstanding operating results; the non-executive Directors attended the meetings of the Board and special committees under the Board pursuant to the requirements and made scientific and prudent decisions by way of, among others, considering meeting documents, receiving special reports, conducting investigate and survey, and reviewing documents reporting the Company's operation to keep abreast of the Company's operation and development status timely; the independent non-executive Directors consistently expressed their personal opinions in an independent and objective manner, offered advice and recommendations on the Company's development by giving full play to their professional strengths, and faithfully performed their duties so as to safeguard the interests of the Company and its Shareholders, especially the legitimate interests of minority Shareholders.

In 2024, the Supervisors of the Company strictly complied with the relevant requirements such as the Company Law and the Articles of Association, earnestly performed their duties of supervision, participated in the approval of significant decisions of the Company, regularly investigated the operating status of the Company and its business operations, and effectively supervised the performance of duties by the Directors and the executive management team of the Company, so as to actively safeguard the interests of Shareholders.

For details of the performance of duties of Directors and Supervisors of the Company, please refer to "Section 9 Corporate Governance Report" of this annual report.



## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

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### (II) Performance of Duties by Senior Management

In 2024, the executive management of the Company comprehensively implemented all resolutions and requirements of the Board, insisted on a strategy of balanced development of light and heavy asset businesses, online and offline businesses, domestic and overseas businesses, as well as conventional and innovative businesses to continue to utilize the synergy among business lines and further strengthen the business layout in accordance with development trend in the industry and changes in operating environment, and proactively made suggestions for improvement and optimization in relation to certain major issues affecting the development of the Company, achieving positive results.

Facing a complicated and dynamic market environment, the executive management of the Company continuously improved the internal control system and risk control mechanism of the Company to raise the compliance level of risk control, ensuring compliance with laws and regulations while seizing opportunities and promoting innovation and that the Company's operations were carried out stably.

The executive management of the Company played an important role in achieving outstanding operating results despite a severe market environment and intense competition in the industry, and accomplished the mission of operation and management assigned to it by the Board well.

## VI. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### Decision-making Procedures in Relation to Remuneration of Directors, Supervisors and Senior Management

The Board of the Company established the Remuneration and Nomination Committee, which was responsible for formulating and reviewing the remuneration policies and plans for Directors and senior management at manager level of the Company and making recommendations. The Board and/or the General Meeting was responsible for conducting proceedings and making decisions in accordance with the Articles of Association and the Rules of Procedures for the Board of Directors. In addition, the Company also formulated the "Management Measures of Remuneration in the Headquarter of the Company" 《公司總部薪酬管理辦法》 and the "Management Measures of Remuneration of Staff in Branches of the Company" 《公司分支機構員工薪酬管理辦法》 to serve as the basic remuneration systems of the Company, so as to regulate the Company's procedures such as decision-making of remuneration. Currently, the independent non-executive Directors of the Company receive allowance from the Company with reference to industry standards, while other non-executive Directors and external Supervisors do not receive remuneration from the Company; the remuneration of Executive Directors, internal Supervisors and senior management at manager level of the Company is determined according to the remuneration evaluation system of the Company.

### Basis for Determining the Remuneration of Directors, Supervisors, and Senior Management

The remuneration is determined with reference to the standards of peer companies in the financial industry, taking into account the actual circumstances of the Company and linking it to their positions and performance.

### Actual Payment of Remuneration to Directors, Supervisors, and Senior Management

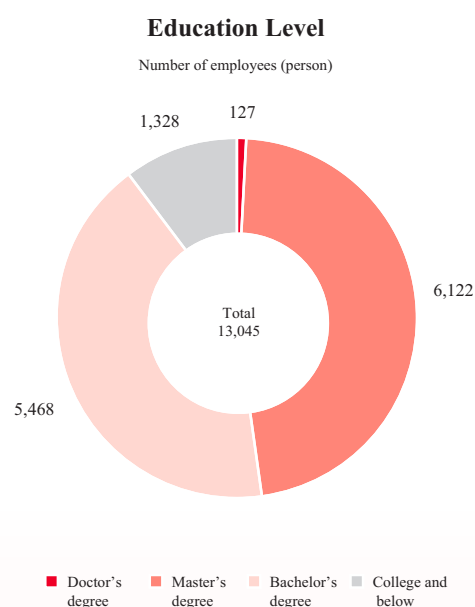
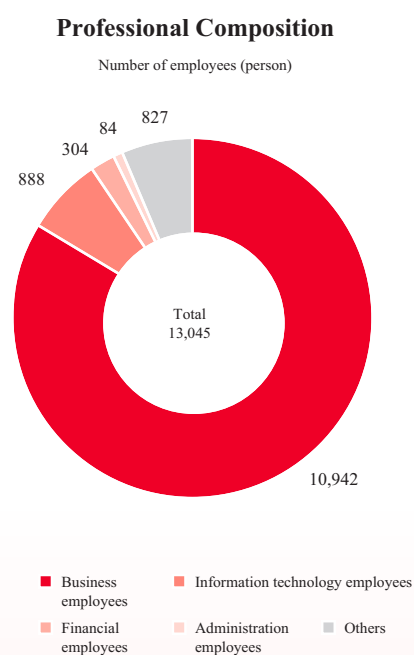
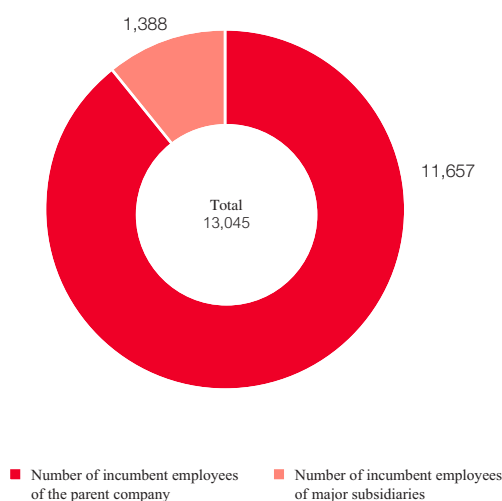
For details, please refer to the section "Changes in Shareholding and Remuneration of Current and Resigned Directors, Supervisors and Senior Management from the Reporting Period to the Date of Disclosure".

## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### VII. EMPLOYEES OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES

#### (I) Employees

As of the end of the Reporting Period, the Group had a total of 13,045 employees (including labor outsourcing employees), and 479 resigned and retired employees for whom the parent company and major subsidiaries were required to undertake the expenses. The specific composition of incumbent employees was as follows:



## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

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### (II) Remuneration Policies

The Company has established a sound internal human resource management system in compliance with the provisions of the PRC's laws in relation to, among others, labor contracts and labor protections, formulated various rules and policies in relation to remunerations, positions and grades, performance assessments, benefits and holidays, etc., and stringently implemented such rules and policies, so as to effectively protect the employees' interest in various aspects such as labor protection, working environment, wages payment, social insurance, healthcare and vacation. Based on management of the gross salary of state-owned enterprises, the Company reasonably determines remuneration level for employees according to its annual operating performance and in compliance with the principles of marketization. The employees' remuneration includes fixed salaries, annual bonuses and insurance benefits. Fixed salaries are determined according to the positions and grades, and the standard of positions and grades is determined taking overall consideration of factors such as post responsibilities, qualification, working capability, professional knowledge and experience of employees. Annual bonuses are determined comprehensively according to the strategy implementation, result performance, performance appraisal results, evaluation on compliance and risk control and honest practice evaluation, etc. of employees in the corresponding year. The Company has implemented the concept of stable operation and sustainable development, established a complete and stable remuneration management system, and set up a remuneration deferred payment mechanism, so as to avoid excessive incentives and short-term incentives. The Company has established a comprehensive benefit protection system, and the statutory benefits are paid in accordance with the contents and standards as stipulated by the state; the Company's benefits cover various aspects, including replenishment of medical insurance, enterprise annuity, paid leave and medical examination.

### (III) Training Program

Building a team of talented cadres with fighting spirit is the core driving force for the Company to continuously make new strides and new development. In 2024, the Company continued to strengthen the construction of the talent development system in accordance with its business strategy, and continuously improved the multi-level talent development system centered on the "ladder of training for the growth of employees", further promoted the training of key groups such as the middle-level and above cadres, head of branch office, the echelon of outstanding young cadres, various professional talents and management trainees, and elaborately created a favorable learning and growth space for cadres and employees.

1. Carried out the "Lighthouse Program" for middle-level and above cadres of the Company to comprehensively improve the overall capabilities and qualities of cadres in the cultivation of Party spirit, political literacy, strategic thinking and leadership.
2. Carried out the "Long Voyage Program" for the heads of the branches, and customized differentiated training curriculums for the branch's general manager, business department managers with different ages and new managers from business department based on their different needs to help the heads of the branches improve their business awareness and master advanced management concepts.

## SECTION 8 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

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3. Tiered and classified cultivation for outstanding young cadres. Carried out the development plan for management talents at the headquarters of the Company, focusing on the competency that high quality financial management talents should possess, and on helping young cadres to strengthen the cultivation of their Party spirit and theoretical literacy. Assistance offered to team leaders at headquarters and subsidiaries to enhance their ability to “manage people and business” in daily team management. Carried out overall plan, unified selection and intensive cultivation and exercise initiatives for management trainees. To strengthen the ideals, beliefs and strategic execution for management talents of the branch offices and establish the concept of overall situation and systematic thinking, in order to improve the overall coordination and operation decision-making ability. To facilitate the role transition for the management talents from business department to establish a business operation awareness and management thinking, and to consolidate managerial skill for rapid growth from official of business department to management department cadres.
4. Carried out the “Climbing the Peak Program” for professional talents. The Company promoted the cultivation of digital talents and held lectures on financial science and technology general education classes, data analysis and product thinking practice training camps, and facilitated the two-way job rotation of technology and financial talents. The Company reinforced the general education trainings and practical trainings of investment research talents, using competition as a substitute for practice, and checked the training effect through simulation investment performance; fostered the training of internationalized talents, encouraged the serving of temporary overseas positions, and empowered the employees through pre-departure training and thematic training. The Company organized the training camp for account managers, cultivated versatile institutional sales talents and improved capability of customer services. It also promoted regional compliance personnel training, advanced the workflow of risk internal control, and helped build the quality control center of branch business; promoted management personnel training for investment banking business, and improved the investment banking personnel training mechanism and echelon construction; and held special training for procurement personnel to enhance the awareness of procurement with integrity and standardize centralized procurement behavior.
5. Organized all employees of the Company to carry out the topic training on the “Study And Implementation of the Spirit of the Central Financial Work Conference” and the study and guidance training of Xi Jinping’s Excerpts on Financial Work in a timely manner; organized all party member and cadre employees to carry out learning and education of party disciplines.
6. Attached great importance to the education of compliance, integrity, and information security for all employees, and regularly strengthened their awareness and ability enhancement.
7. Attached great importance to campus recruitment and provided jobs and internship opportunities for outstanding graduates and current students. During the Reporting Period, the Company provided over 2,100 internship positions for current students, provided nearly 61 hours of pre-job online courses for fresh graduates employed through campus recruitment, and organized centralized training for new employees from campus recruitments.

By continuously implementing the above training programs, the Company has established a relatively complete hierarchical and classified talent training system, and has reserved a group of high-quality and professional young cadres and outstanding talents.

### (IV) Information of Securities Brokers

As of the end of 2024, the Company had a total of 6 branches that implemented securities broker system, with a total of 27 brokers who obtained practicing qualifications as securities brokers as reviewed and approved by the Securities Association of China.

## SECTION 9 CORPORATE GOVERNANCE REPORT

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### I. OVERVIEW OF CORPORATE GOVERNANCE

As a “A+H” share listed company, the Company has strictly complied with the requirements of laws, regulations and normative documents of the domestic and overseas listing places, adhered to the concept of high-quality development and constantly improved the level of its corporate governance. The Company has established a solid and comprehensive corporate governance structure comprising the Shareholders’ general meeting, the Board, the Supervisory Committee and the Executive Committee, and formed a corporate governance system with clear powers and responsibilities among the organ of power, the decision-making body, the supervision body and the executive management, standardized operation as well as mutual coordination, mutual checks and balances and mutual promotion in various links such as deliberation, decision-making, implementation and supervision. The Company has continued to promote the organic integration of Party leadership and corporate governance, adhered to the political and people-oriented nature of financial work, and continuously improved its corporate governance performance.

The Company has formulated the Articles of Association, and the corporate governance systems, including the Rules of Procedures for Shareholders’ General Meeting of the Company, the Rules of Procedures for Board of Directors of the Company, the Rules of Procedures for Supervisory Committee of the Company and Rules of Procedures for Executive Committee of the Company, defining the scope of responsibilities and working procedures of the Shareholders’ general meeting, the Board, the Supervisory Committee and the executive management and providing an institutional guarantee to the standardized operation of the Company. The Board has established the Development Strategy Committee, the Risk Management Committee, the Audit Committee and the Remuneration and Nomination Committee, developed rules of procedures for each special committee and clearly defined the scope of responsibilities and work procedures of each special committee to give full play to the role of each special committee of the Board. To improve the quality and effectiveness of the Independent Directors’ performance, the Company has developed the Work System for the Independent Directors of the Company, Rules of Procedures for the Special Meetings of the Independent Directors of the Company, as well as Work System for Annual Report of the Independent Directors of the Company, so as to ensure that the Independent Directors effectively fulfill the roles of participation in decision-making, supervision and counterbalance, and professional advice in corporate governance.

During the Reporting Period, the Company strictly complied with relevant requirements on corporate governance of the Company Law, the Securities Law, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Corporate Governance Code under Appendix C1 of the Hong Kong Listing Rules, and securities regulatory authorities, to ensure the convening, holding and voting procedures of the Shareholders’ general meetings, the Board and the Supervisory Committee complied with the laws and regulations; ensured timely and fair information disclosure, and guaranteed the truthfulness, accuracy and completeness of the information disclosed; attached importance to the protection of the rights and interests of investors, and strived to provide comprehensive and effective investor relations services; enhanced the governance participation of independent Directors and fortified the protection of the rights and interests of minority Shareholders. The governance of the Company complied with the provisions of laws, regulations and normative documents, and met the requirements from the regulatory authorities and stock exchanges.

### II. DEALING IN SECURITIES BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix C3 to the Hong Kong Listing Rules in respect of the securities transactions entered into by the Directors and Supervisors. The Company has made specific inquiries to all Directors and Supervisors on any issues which are incompliance with the Model Code. All the Directors and Supervisors have confirmed that they have completely complied with the provisions and standards set out in the Model Code during the Reporting Period and up to the disclosure date of this report.



## SECTION 9 CORPORATE GOVERNANCE REPORT

### III. SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS

#### (I) Rights of Shareholders' General Meetings and Shareholders

The Shareholders' general meeting is the body exercising the authority of the Company and shall exercise the authorities and powers in accordance with the laws, the Articles of Association and the Rules of Procedures for Shareholders' General Meeting of the Company. The Company convenes the Shareholders' general meetings in strict compliance with the relevant provisions and procedures, so as to ensure that all Shareholders are treated equally and can fully exercise their rights. During the Reporting Period, the Company convened seven Shareholders' general meetings to answer the questions concerned by Shareholders in details and listened carefully to the opinions and suggestions from the Shareholders regarding the Company's development.

#### (II) Overview of Shareholders' General Meetings

During the Reporting Period, the Company convened seven Shareholders' general meetings in total, the details and resolutions of which were as follows:

Session	Date of convening	Query index of the designated website for publishing resolutions	Date of disclosure for publishing resolutions
2024 First Extraordinary General Meeting	April 30, 2024	<a href="http://www.sse.com.cn">www.sse.com.cn</a> <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> <a href="http://www.csc108.com">www.csc108.com</a>	April 30, 2024
2023 Annual General Meeting	June 28, 2024	<a href="http://www.sse.com.cn">www.sse.com.cn</a> <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> <a href="http://www.csc108.com">www.csc108.com</a>	June 28, 2024
2024 second extraordinary general meeting	July 31, 2024	<a href="http://www.sse.com.cn">www.sse.com.cn</a> <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> <a href="http://www.csc108.com">www.csc108.com</a>	July 31, 2024
2024 First A Shareholders' Class Meeting	July 31, 2024	<a href="http://www.sse.com.cn">www.sse.com.cn</a> <a href="http://www.csc108.com">www.csc108.com</a>	July 31, 2024
2024 First H Shareholders' Class Meeting	July 31, 2024	<a href="http://www.hkexnews.hk">www.hkexnews.hk</a> <a href="http://www.csc108.com">www.csc108.com</a>	July 31, 2024
2024 Third Extraordinary General Meeting	November 5, 2024	<a href="http://www.sse.com.cn">www.sse.com.cn</a> <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> <a href="http://www.csc108.com">www.csc108.com</a>	November 5, 2024
2024 Fourth Extraordinary General Meeting	November 29, 2024	<a href="http://www.sse.com.cn">www.sse.com.cn</a> <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> <a href="http://www.csc108.com">www.csc108.com</a>	November 29, 2024

On April 30, 2024, the 2024 First Extraordinary General Meeting of the Company considered and approved resolutions including the Resolution on Election of Non-independent Directors of the Third Session of the Board of the Company, the Resolution on Election of Independent Non-executive Directors of the Third Session of the Board of the Company, and the Resolution on Election of Shareholder Representative Supervisors of the Third Session of the Supervisory Committee of the Company.



## SECTION 9 CORPORATE GOVERNANCE REPORT

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On June 28, 2024, the 2023 Annual General Meeting of the Company considered and approved resolutions including the Resolution on the 2023 Work Report of the Board of the Company, the Resolution on the 2023 Work Report of the Supervisory Committee of the Company, the Resolution on the 2023 Final Financial Accounts Plan of the Company, the Resolution on the Profit Distribution Plan of the Company in 2023, the Resolution on the 2023 Annual Report of the Company, the Resolution on the 2023 Work Reports of Independent Non-executive Directors of the Company, the Resolution on the 2024 Interim Profit Distribution Plan of the Company, the Resolution on the Election of Ms. Hua Shurui as a Non-executive Director of the Company, the Resolution on the Expected Daily Related Party Transactions/ Continuing Connected Transactions of the Company in 2024 and the Resolution on the Reappointment of 2024 Accounting Firms of the Company.

On July 31, 2024, the 2024 second extraordinary general meeting of the Company considered and approved resolutions including the Resolution on Amendments to the Articles of Association, the Resolution on Amendments to the Rules of Procedures for Shareholders' General Meetings of the Company, the Resolution on Amendments to the Rules of Procedures for Board Meetings of the Company, and the Resolution on Amendments to the Rules of Procedures for Supervisory Committee Meetings of the Company.

On July 31, 2024, the 2024 first A Shareholders' class meeting of the Company considered and approved resolutions including the Resolution on Amendments to the Articles of Association, the Resolution on Amendments to the Rules of Procedures for Shareholders' General Meetings of the Company, the Resolution on Amendments to the Rules of Procedures for Board Meetings of the Company, and the Resolution on Amendments to the Rules of Procedures for Supervisory Committee Meetings of the Company.

On July 31, 2024, the 2024 first H Shareholders' class meeting of the Company considered and approved resolutions including the Resolution on Amendments to the Articles of Association, the Resolution on Amendments to the Rules of Procedures for Shareholders' General Meetings of the Company, the Resolution on Amendments to the Rules of Procedures for Board Meetings of the Company, and the Resolution on Amendments to the Rules of Procedures for Supervisory Committee Meetings of the Company.

On November 5, 2024, the 2024 third extraordinary general meeting of the Company considered and approved resolutions including the Resolution on the Interim Dividend Distribution Plan of the Company in 2024.

On November 29, 2024, the 2024 fourth extraordinary general meeting of the Company considered and approved the Resolution on election of Mr. JIN Jianhua as an executive Director of the Company.

Each of the aforementioned Shareholders' general meetings, taken by poll through a combination of on-site voting and online voting, were convened by the Board, and Directors, Supervisors and certain members of the senior management of the Company attended the meetings. The legal counsel of the Company witnessed the convening, holding, voting and other matters of the Shareholders' general meetings and issued a legal opinion, which was disclosed together with each of the announcements of the Shareholders' general meetings. All proposals tabled at the Shareholders' general meeting were approved during the Reporting Period.

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### (III) Attendances of Shareholders' General Meetings by Directors

Name of Director	Attendances of Shareholders' general meetings
WANG Changqing	5/5
LI Min	5/5
JIN Jianhua	0/0
YAN Xiaolei	5/5
LIU Yanming	4/4
YANG Dong	5/5
HUA Shurui	3/3
WANG Hua	5/5
PO Wai Kwong	5/5
LAI Guanrong	5/5
ZHANG Zheng	5/5
WU Xi	5/5
ZHENG Wei	5/5
WU Ruilin (Resigned)	3/3
ZOU Yingguang (Resigned)	3/3
ZHU Jia (Resigned)	1/1
Shareholders' general meetings convened during the year	7

*Note:* "attendances" include on-site attendance and communication attendance. "Actual attendance" shall be listed in the form of "actual attendance/scheduled attendance".

## SECTION 9 CORPORATE GOVERNANCE REPORT

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### IV. BOARD AND BOARD MEETINGS

#### (I) Composition of the Board

The Company has a Board which is accountable to the Shareholders' general meeting. In accordance with the provisions of the Articles of Association, the Board of the Company shall consist of 14 Directors, five of whom are independent non-executive Directors and the number of internal Directors of the Board shall not exceed one-half of the total number of Directors. The Board shall have one chairman and two vice chairmen who shall be elected and removed by more than one half of all the Directors. The Directors of the Company shall serve a term of three years, and are eligible for re-election upon the expiration of their terms, except as otherwise provided in the relevant regulations and the Articles of Association. The Company has adopted a Board diversity policy, and considered the diversity of the Board members in various aspects when nominating candidates for Directors, including factors such as age, gender, educational background and professional experience.

As of the end of the Reporting Period, the Board of Directors of the Company comprised 13 Directors, including two executive Directors (Mr. WANG Changqing and Mr. JIN Jianhua), six non-executive Directors (Mr. LI Min, Mr. YAN Xiaolei, Mr. LIU Yanming, Mr. YANG Dong, Ms. HUA Shurui and Ms. WANG Hua) and five independent non-executive Directors (Mr. PO Wai Kwong, Mr. LAI Guanrong, Mr. ZHANG Zheng, Mr. WU Xi and Mr. ZHENG Wei), of which the number of internal Directors was far less than one-half of the total number of Directors, and the number of independent non-executive Directors exceeded one-third of the total number of Directors, therefore, the composition of the Board of Directors complied with the relevant laws and regulations as well as regulatory rules.

For information on the resignation and appointment of Directors during the Reporting Period, please refer to "Changes in Directors, Supervisors and Senior Management of the Company during the Reporting Period to the Disclosure Date" in "Section 8 Directors, Supervisors, Senior Management and Employees" of this report.

Directors are appointed at the Shareholders' general meeting to serve a term of three years and are eligible for re-election upon the expiration of their terms. Independent non-executive Directors shall not hold office for more than six consecutive years. The Company confirms that the Company has received the annual confirmation of independence from each of the independent non-executive Directors. Therefore, the Company believes that each independent non-executive Director is independent as specified in the Listing Rules. Independent non-executive Directors are able to act independently and make objective judgments to protect the interests of minority Shareholders.

## SECTION 9 CORPORATE GOVERNANCE REPORT

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### (II) Duties and Powers of the Board

In accordance with the provisions of the Articles of Association, the Board of the Company shall exercise the following duties and powers: (1) to convene the Shareholders' general meetings and submit work report to the Shareholders' general meetings; (2) to implement the resolutions of the Shareholders' general meetings; (3) to decide on the operation plan and investment scheme of the Company; (4) to determine the compliance management objectives of the Company, assume responsibility for the effectiveness of compliance management of the Company and perform the corresponding duties of compliance management; (5) to prepare the budget and final financial accounts plans of the Company; (6) to prepare the profit distribution plan and the loss recovery plan; (7) to prepare the plan for the Company to increase or reduce its registered capital, issuance of corporate bonds or other securities and listing plans; (8) to prepare plans of the Company with respect to mergers, divisions, dissolution or changes of the form of the Company; (9) to prepare plans of the Company with respect to material acquisitions and acquisition of the Company shares; (10) to decide to appoint or remove the General Manager, the Chief Compliance Officer, the Chief Risk Officer and the Secretary of the Board of the Company nominated by the Chairman of the Board or special committees under the Board and decide the remunerations and rewards and punishments thereof; to appoint or remove the Chief Financial Officer, Chief Information Officer, members of the Executive Committee and other senior management members nominated by the Chairman of the Board, special committees under the Board or the General Manager, and decide the remunerations and rewards and punishments thereof; (11) to decide on the establishment of the internal management organizations of the Company; (12) to determine the composition of special committees under the Board, and the chairman (convener) of each special committee under the Board; (13) to establish a basic management system of the Company; (14) to prepare plans to amend the Articles of Association of the Company; (15) to file an application for bankruptcy on behalf of the Company; (16) to prepare plans of the Company with respect to material external investments, material assets acquisition and disposal, material guarantees and material related party transactions; (17) to consider and approve the external investment matters that do not satisfy the approval authority of the Shareholders' general meeting as prescribed in the Articles of Association of the Company; (18) to consider and approve the assets acquisition and disposal matters that do not satisfy the approval authority of the Shareholders' general meeting as prescribed in the Articles of Association of the Company; (19) to consider and approve the related party transactions that should be considered and approved by the Board as required by laws, regulations and the listing rules of the place where the Company's shares are listed; (20) to consider and approve the external donation matters of the Company with an accumulative donation amount not exceeding RMB twenty five million (RMB25,000,000) (inclusive) in one financial year; (21) to decide on the Company's external investments, acquisition and disposal of assets, pledge of assets, external guarantee matters, trust wealth management and other matters within the scope of authorization by the Shareholders' general meeting; (22) to decide on mergers, divisions, establishments or revocations of domestic branches; (23) to manage the information disclosure matters of the Company; (24) to propose to the Shareholders' general meeting with respect to the engagement or replacement of the audit firms to audit the Company; (25) to receive the work report of the General Manager of the Company and examine his/her work; (26) to guide and urge the Company to strengthen cultural construction, establish and improve the cultural concept system that can effectively support the Company's strategy, and realize the integrated development of both the strategy and the culture of the Company; (27) other duties and powers conferred by laws, administrative regulations, departmental rules, normative documents, listing rules of the place where the Company is listed or the Articles of Association of the Company.

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During the Reporting Period, all Directors of the Company responsibly, diligently and faithfully performed their obligations, responsibilities and duties as Directors. The independent non-executive Directors continued to possess the independence required by relevant rules, and gave full play to their roles in participating in the decision-making, supervision and balance, and professional consultation in the Board, so as to safeguard the overall interests of listed companies, and the legitimate rights and interests of minority Shareholders.

### (III) Board Diversity and Independent View Policy

**Purpose of the policy:** The purpose is to set out the approach to achieve Board diversity. With a view to achieving sustainable and balanced development, the Company regards the diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development.

**Board diversity policy statement:** In designing the composition of the Board, the Company has considered the Board diversity from various aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The appointment of all Board members will be based on the principle of meritocracy, and candidates will be considered based on the diversity objective, taking into account the benefits of Board diversity, and determined in accordance with the advantages of candidates and their ability to provide professional support to the Board.

**Measurable objectives:** Selection of candidates will be based on various aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the value and contribution that the selected candidates will bring to the Board. The Remuneration and Nomination Committee reviews and supervises the implementation of the Board diversity policy every year to ensure its effectiveness.

As of the end of the Reporting Period, the Board diversity policy has been well implemented. The Directors of the Company have a balanced portfolio of knowledge and skills, including knowledge and experience in the fields of finance, accounting, investment management and general corporate management. In addition, the Board currently has both male and female Directors, covering different age groups such as those in their forties, fifties and sixties, with work experience in different industries. As of the Date of Disclosure of the Report, given that two out of thirteen of our Directors are female, the Board will, taking into account the business needs of the Company and changes from time to time that may affect the Company's business plans, use its best endeavors to actively identify female individuals qualified to become our Board members, to ensure the implementation of gender diversity of the Board. As of the end of the Reporting Period, the male to female ratio of the staff of the Company was approximately 1.36:1. The Company will continue to ensure gender diversity when recruiting staff at mid to senior level so that the female senior management and potential successors will join the Board in due course to ensure gender diversity of the Board. The Company will continue to focus on training female talent and providing long-term development opportunities for female staff.

During the Reporting Period, the Company amended Work System for Independent Directors and formulated Rules of Procedure for Special Meetings of Independent Directors, with the aim of further improving its work mechanism to ensure that the Board can obtain independent opinions and input, and independent non-executive Directors can express their opinions in an open, honest and confidential manner when necessary through channels established by formal and informal means; these methods include regular surveys and reviews of the Board, specialized meetings with the chairman of the Board, and interactions with executive management and other Board members, including the chairman of the Board. The Company reviews the mechanism which can ensure that the Board obtains independent opinions and suggestions every year.



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With social progress and economic development intensifying the requirement for the Board diversity, the Company will further compare and strengthen the objective of corporate governance by adopting plenty of measures, including but not limited to increasing the number of trainings for female talents, enhancing young talents cultivation, encouraging the development of multi-technology and experienced staff and having more discussions with Shareholders on the Board diversity, seeking to the advancement of the Board diversity.

### (IV) Operation of the Board

During the Reporting Period, the Board of the Company standardized its operation in strict compliance with laws and regulations, the Listing Rules, the Articles of Association and the Rules of Procedures for Board of Directors of the Company. Convening and holding procedures, voting procedures and other matters of the Board meetings complied with abovementioned requirements, and resolutions made were legal and valid.

### (V) Convening of Board Meetings

In 2024, the Company convened a total of 14 Board meetings, the details of which were as follows:

On March 28, 2024, the 59th meeting of the second session of the Board of Directors of the Company considered and approved resolutions including the Resolution on the 2023 Operation Report of the Executive Management of the Company, the Resolution on the 2023 Work Report of the Board of Directors of the Company, the Resolution on the 2023 Work Report of Independent Non-Executive Directors of the Company, the Resolution on the Report on the Performance of Duties by the Audit Committee of the Board of the Company for 2023, the Resolution on the 2023 Final Financial Accounts Plan of the Company, the Resolution on the Profit Distribution Plan of the Company in 2023, the Resolution on the 2023 Annual Report of the Company, the Resolution on the 2023 Compliance Report of the Company, the Resolution on the 2023 Special Report on Information Technology Management of the Company, the Resolution on the 2023 Internal Control Evaluation Report of the Company, the Resolution on the 2023 Social Responsibility & Environmental, Social and Governance (ESG) Report of the Company, the Resolution on the 2023 Appraisal of the Chief Compliance Officer of the Company, the Resolution on the Report on the Performance of Supervision Duties of Accounting Firms by the Audit Committee of the Board of the Company for 2023, the Resolution on Assessment Report on Accounting Firms' Performance of the Company for 2023, the Resolution on Renewal of Accounting Firms of the Company for 2024 and the Resolution on Convening the Annual General Meeting of the Company.

On April 3, 2024, the 60th meeting of the second session of the Board of Directors of the Company considered and approved resolutions including the Resolution on Nomination of Candidates for Non-independent Directors of the Third Session of the Board of Directors of the Company, the Resolution on Nomination of Candidates for Independent Non-executive Directors of the Third Session of the Board of Directors of the Company and the Resolution on Convening the Extraordinary General Meeting of the Company.



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On April 29, 2024, the 61st meeting of the second session of the Board of Directors of the Company considered and approved resolutions including the Resolution on the 2024 First Quarterly Report of the Company, the Resolution on the 2023 Risk Report of the Company, the Resolution on the 2023 Anti-Money Laundering Work Report of the Company, the Resolution on the 2024 Risk Management Policies of the Company and the Resolution on the 2024 Anti-Money Laundering Work Plan of the Company, and heard resolutions including the Report on Issuance of Debt Financing Instruments of the Company in 2023, the Work Report on the Protection of Investors' Rights and Interests of the Company in 2023 and the Report related to the Use of Increased Capital Contribution of China Capital Management Co., Ltd in 2023.

On April 30, 2024, the 1st meeting of the third session of the Board of Directors of the Company considered and approved resolutions including the Resolution on the Exemption of Prior Notice Period of Board Meetings, the Resolution on the Election of Chairman of the Company, the Resolution on the Election of Vice Chairman of the Company and the Resolution on Membership of Special Committees of the Third Session of the Board of Directors of the Company.

On April 30, 2024, the 2nd meeting of the third session of the Board of Directors of the Company considered and approved resolutions including the Resolution on the Exemption of Prior Notice Period of Board Meetings, the Resolution on Appointment of Senior Management Member of the Company, the Resolution on Appointment of Authorized Representative, the Resolution on Appointment of Joint Company Secretaries and the Resolution on Representative for Securities Affairs.

On May 30, 2024, the 3rd meeting of the third session of the Board of Directors of the Company considered and approved resolutions including the Resolution on 2024 Interim Profit Distribution Plan of the Company, the Resolution on the Additional Appointment of Non-executive Directors of the Company, the Resolution on the Expected Daily Related Party Transactions/Continuing Connected Transactions of the Company in 2024, the Resolution on Establishment of Branch and the Resolution on Amendments to Management Measures for Honest Employment.

On July 8, 2024, the 4th meeting of the third session of the Board of Directors of the Company considered and approved resolutions including the Resolution on Amendments to the Articles of Association, Rules of Procedures for Shareholders' General Meeting and the Rules of Procedures for Board of Directors, the Resolution on Amendments to Rules of Procedures for Special Committees of the Company, the Resolution on Amendments to Working System for Independent Director of the Company, the Resolution on Adjusting the secretary to the Board and Related Matters and the Resolution on Convening the Extraordinary General Meeting of the Company.

On August 29, 2024, the 5th meeting of the third session of the Board of Directors of the Company considered and approved resolutions including the Resolution on the 2024 Semi-annual Report of the Company, the Resolution on Appointment of Chief Financial Officer of the Company, the Resolution on Appointment of Members of the Company's Executive Committee and the Resolution on the Rules of Procedure of Special Meeting of Independent Directors of the Company, and heard resolutions including the 2024 Interim Risk Management Work Report of the Company, the 2024 Interim Compliance Management Work Report of the Company, the 2024 Interim Anti-Money Laundering Compliance Management Work Report of the Company and the 2024 Interim Internal Audit Work Report of the Company.

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On September 26, 2024, the 6th meeting of the third session of the Board of Directors of the Company considered and approved resolutions including the Resolution on 2024 Interim Profit Distribution Plan of the Company, the Resolution on the Total External Donations of the Company in 2024 and the Resolution on Convening the Extraordinary General Meeting of the Company.

On October 30, 2024, the 7th meeting of the third session of the Board of Directors of the Company considered and approved resolutions including the Resolution on the 2024 Third Quarterly Report of the Company and the Resolution on the Adjustment to Membership to the Special Committees of the Board of Directors of the Company.

On November 8, 2024, the 8th meeting of the third session of the Board of Directors of the Company considered and approved resolutions including the Resolution on the Exemption of Prior Notice Period of Board Meetings, the Resolution on the Additional Appointment of Executive Directors and Members to the Special Committees of the Board of Directors of the Company, the Resolution on Appointment of Senior Management of the Company and the Resolution on Convening the Extraordinary General Meeting of the Company.

On November 28, 2024, the 9th meeting of the third session of the Board of Directors of the Company considered and approved resolutions including the Resolution on Matters with Respect to 2024 Work Plan of the Company, the Resolution on Matters with Respect to 2024 Financial Plan of the Company, the Resolution on the Appointment of Authorized Representative, the Resolution on the Responsibilities of Chief Financial Officer (Acting) and the Resolution on Amendments to Measures for Internal Audit Management of the Company.

On December 20, 2024, the 10th meeting of the third session of the Board of Directors of the Company considered and approved resolutions including the Resolution on the Exemption of Prior Notice Period of Board Meetings and the Resolution on Convening the Extraordinary General Meeting of the Company.

On December 27, 2024, the 11th meeting of the third session of the Board of Directors of the Company considered and approved resolutions including the Resolution on 2023 Remuneration Distribution Plan for Senior Management of the Company and the Resolution on Formulation of Measures for Management of Total Salary of the Company.

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### **(VI) Implementation of resolutions by the Board approved at the Shareholders' General Meetings**

During the Reporting Period, the implementation of resolutions by the Board approved at the Shareholders' General Meetings were mainly as follows:

- (1) On June 28, 2024, the 2023 Annual General Meeting of the Company considered and approved the Resolution on the 2023 Profit Distribution Plan of the Company. The 2023 profit distribution of the Company was carried out in the form of a cash dividend, with a total cash dividend of RMB1,939,173,699.25 (tax inclusive), which was fully distributed on August 22, 2024.
- (2) On June 28, 2024, the 2023 Annual General Meeting of the Company considered and approved the Resolution on the Resolution on the Expected Daily Related Party Transactions/Continuing Connected Transactions of the Company in 2024. During the Reporting Period, the Company conducted relevant transactions in compliance with laws and regulations.
- (3) On June 28, 2024, the 2023 Annual General Meeting of the Company considered and approved the Resolution on the Reappointment of 2024 Accounting Firms of the Company. KPMG Huazhen LLP and KPMG have completed the audit work for the Company for 2024.
- (4) On July 31, 2024, the Company's 2024 Second Extraordinary General Meeting, 2024 First A Shareholders' Class Meeting, and 2024 First H Shareholders' Class Meeting considered and approved the Resolution on the Amendments to the Articles of Association. The amended Articles of Association took effect on July 31, 2024.
- (5) On November 5, 2024, 2024 Third Extraordinary General Meeting of the Company considered and approved the Resolution on the 2024 Interim Profit Distribution Plan of the Company. The 2024 interim profit distribution of the Company was carried out in the form of a cash dividend, with a total cash dividend of RMB698,102,531.73 (tax inclusive), which was fully distributed on December 27, 2024.

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### (VII) Attendances of Board Meetings by Directors

Name of Director	Whether Independent Director or not	Scheduled attendance at Board meetings for the year	Attendance in person	Attendance by way of telecommunication	Attendance by proxy	Absence	Whether the Director failed to attend two consecutive meetings in person or not
WANG Changqing	No	14	14	3	0	0	No
LI Min	No	14	14	8	0	0	No
JIN Jianhua	No	2	2	1	0	0	No
YAN Xiaolei	No	14	14	13	0	0	No
LIU Yanming	No	11	11	3	0	0	No
YANG Dong	No	14	14	1	0	0	No
HUA Shurui	No	8	8	1	0	0	No
WANG Hua	No	14	14	10	0	0	No
PO Wai Kwong	Yes	14	14	14	0	0	No
LAI Guanrong	Yes	14	14	12	0	0	No
ZHANG Zheng	Yes	14	14	12	0	0	No
WU Xi	Yes	14	14	12	0	0	No
ZHENG Wei	Yes	14	14	12	0	0	No
WU Ruilin (Resigned)	No	9	9	1	0	0	No
ZOU Yingguang (Resigned)	No	10	10	2	0	0	No
ZHU Jia (Resigned)	No	3	3	2	0	0	No
Board meetings convened during the year							14
Including: On-site meetings							13
Meetings convened by way of telecommunication							1
On-site meetings with telecommunication							13

### (VIII) Training of Directors and Supervisors

The Company attached great importance to and continued to meet the training demands of each Director and Supervisor. By fully leveraging the training platforms of regulatory authorities, self-regulatory organizations and stock exchanges, the Company organized internal training, coordinated the participation of external trainings, and provided written materials to assist Directors and Supervisors in continuously receiving trainings related to the performance of their duties to ensure that they keep abreast of the latest developments of the Company and the latest requirements of relevant laws, regulations and regulatory rules.

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In 2024, the training received by each of the Directors and Supervisors of the Company was rich and diverse in content, covering various thematic categories such as interpretation of domestic and foreign laws, regulations, policies, and market situations, new quality productive forces and high-quality development, and performance standards for independent Directors, building a culture of integrity for listed companies, and the newly appointed Directors and Supervisors also received training related to their first appointment, covering topics such as regulatory policy on information disclosure and trend analysis, national strategy and industry development, corporate governance, and corporate management. In addition, the Company provided “Operation Updates” monthly to assist Directors and Supervisors in keeping abreast of the overall situation of the Company’s operations. The Company also provided “Brief Review of the Securities Industry” weekly and “Observation on Securities Industry” from time to time to assist Directors and Supervisors to keep abreast of policies and the current situation of the industry. During the Reporting Period, the training of Directors and Supervisors of the Company met the requirements of regulatory authorities and stock exchanges, and the average duration of training related to the performance of their duties exceeded 15 hours.

From the Reporting Period to the disclosure date, all newly appointed Directors of the Company have obtained the legal advice as stipulated in Rule 3.09D of the Hong Kong Listing Rules before taking office and understood their responsibilities as Directors of the Company. The dates on which new Directors of the Company obtained legal advice and the record of continuous professional development training relating to duties as well as regulatory and business development that have been received by the current Directors during the Reporting Period was summarized as follows:

Directors	Date of Obtaining Legal Opinion by Newly Appointed Directors	Type of training <sup>(Note 1)</sup>
<b>Executive Directors</b>		
LIU Cheng <sup>(Note 2)</sup>	March 4, 2025	/
JIN Jianhua	November 14, 2024	A/B
<b>Non-executive Directors</b>		
LI Min	/	A/B
YAN Xiaolei	/	A/B
LIU Yanming	April 19, 2024	A/B
YANG Dong	/	A/B
HUA Shurui	June 25, 2024	A/B
WANG Hua	/	A/B
<b>Independent Non-executive Directors</b>		
PO Wai Kwong	/	A/B
LAI Guanrong	/	A/B
ZHANG Zheng	/	A/B
WU Xi	/	A/B
ZHENG Wei	/	A/B

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### *Note 1: Types of Training*

A: Attending training sessions, including but not limited to regulatory training, seminars, conference and workshops.

B: Reading relevant newsletters, newspapers, periodicals, magazines and relevant publications.

*Note 2:* Mr. LIU Cheng was appointed as Chairman of the Board and Executive Director of the Company on March 13, 2025.

### **(IX) Directors Nomination Policy**

Article 110 of the Articles of Association specifies the methods and procedures to nominate Directors: (1) the candidates for Directors may be nominated by the Board of Directors based on the number of Directors to be elected subject to the number specified by the Articles of Association; (2) Shareholder(s) individually or collectively holding more than three percent (3%) of the Shares of the Company may nominate the candidates for Directors, but the number of persons nominated shall comply with the provisions of the Articles of Association and shall not exceed the number of persons to be elected; (3) before the convening of Shareholders' general meeting of the Company, candidates for Directors shall make written commitments stating their acceptance of the nomination, confirming that the information of candidates for Directors is true and complete, and undertaking to faithfully perform the duties of Directors if elected; (4) the written notices of the intention to nominate a candidate for election as a Director and the acceptance of nomination by such candidate, shall be given to the Company no less than seven (7) days prior to the date of convening the Shareholders' general meeting; (5) the period given by the Company to relevant nominators and nominees to submit the aforesaid notices and documents (which period shall commence from the day following the date of despatch of the notice of Shareholders' general meeting) shall be no less than seven (7) days. In addition, the Board of Directors, the Supervisory Committee of the Company and Shareholders individually or collectively holding more than one percent (1%) of the issued Shares of the Company may nominate candidates for independent Directors provided that the number of persons nominated shall comply with the provisions of the Articles of Association and shall not exceed the number of persons to be elected. Also, Article 116 of the Articles of Association stipulates: The Company's Board of Directors shall include Independent Directors. There shall be no less than three Independent Directors and they shall constitute no less than one-third (1/3) of the Board of Directors. At least one accounting professional shall be included among the Independent Directors, and one Independent Director shall reside in Hong Kong. Apart from the qualifications and obligations provided in the relevant provisions of the Articles of Association concerning relevant Directors, an Independent Director shall also have the independence required by the securities regulatory authorities and the stock exchanges in the places where the Company's Shares are listed.

The Remuneration and Nomination Committee will consider the following factors when evaluating Director candidates: including but not limited to personal reputation; achievements and experience in the financial services industry, especially in the securities industry; time availability; diversity of the Board in all aspects, including but not limited to regulatory requirements, gender, age, cultural and educational background, work experience, professional experience and years of service.



## SECTION 9 CORPORATE GOVERNANCE REPORT

### V. SPECIAL COMMITTEES UNDER THE BOARD

#### (I) Development Strategy Committee

##### 1. Duties of the Committee

The Development Strategy Committee is principally responsible for researching and advising the Company's long-term development strategy and major investment decisions. As of the end of the Reporting Period, the Development Strategy Committee comprises 8 Directors, namely Mr. WANG Changqing, Mr. LI Min, Mr. Jin Jianhua, Mr. Liu Yanming, Mr. Yang Dong, Ms. Hua Shurui, Ms. WANG Hua and Mr. LAI Guanrong. Mr. WANG Changqing is the current Chairman of the Development Strategy Committee.

As specified in the Articles of Association, the primary duties of the Development Strategy Committee are as follows: (1) understanding and mastering the overall operations of the Company; (2) understanding, analyzing and mastering the current conditions of international and domestic markets; (3) understanding and mastering relevant policies of the State; (4) understanding the cultural construction of the Company, evaluating the operation status of the Company's cultural concept and strategy integration development mechanism, and improving the compatibility between the Company's culture and development strategy; (5) studying the short, medium and long-term development strategies of the Company or the relevant issues; (6) providing consultancy advice on the Company's major decisions on long-term development strategy and major investments, reform etc.; (7) reviewing and approving specific research reports on development strategies; (8) issuing routine research reports regularly or from time to time; and (9) other duties determined by the Board of Directors and other duties required by the listing rules or regulatory requirements of the places where the Company's shares are listed.

##### 2. Work Summaries and Meetings of the Committee

During the Reporting Period, the Development Strategy Committee convened meetings and performed its duties in accordance with the Articles of Association, the Rules of Procedure of the Development Strategy Committee of the Board of Directors of the Company and other provisions and requirements. In 2024, a total of 3 meetings were held, the details of which were as follows:

Date of Meeting	Subject Matters
March 27, 2024	The Resolution on the 2023 Operation Report of the Executive Management of the Company was considered
July 5, 2024	The Resolution on Amendments to the Rules of Procedure of the Development Strategy Committee of the Board of Directors of the Company was considered
November 27, 2024	The Resolution on the Related Matters of 2024 Work Plan of the Company and the Resolution on the Related Matters of 2024 Financial Plan of the Company were considered

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### 3. Attendance of Meetings of the Development Strategy Committee

Name	Position in the Board and the Committee	Actual attendance/ Scheduled attendance
WANG Changqing	Chairman, Executive Director and Chairman of the Development Strategy Committee	3/3
LI Min	Vice Chairman of the Board, Non-executive Director and Member of the Development Strategy Committee	3/3
JIN Jianhua	Executive Director and Member of the Development Strategy Committee	0/0
LIU Yanming	Non-executive Director and Member of the Development Strategy Committee	2/2
YANG Dong	Non-executive Director and Member of the Development Strategy Committee	3/3
HUA Shurui	Non-executive Director and Member of the Development Strategy Committee	1/1
WANG Hua	Non-executive Director and Member of the Development Strategy Committee	3/3
LAI Guanrong	Independent Non-executive Director and Member of the Development Strategy Committee	3/3
WU Ruilin (Resigned)	Vice Chairman of the Board, Non-executive Director and Member of the Development Strategy Committee	2/2
ZOU Yingguang (Resigned)	Executive Director and Member of the Development Strategy Committee	2/2
ZHU Jia (Resigned)	Non-executive Director and Member of the Development Strategy Committee	1/1

*Note:* LIU Yanming, HUA Shurui and JIN Jianhua, all of whom are Directors, have served as Member of the Development Strategy Committee under the Board of Directors since April 30, October 30 and November 29, 2024, respectively.

## (II) Risk Management Committee

### 1. Duties of the Committee

The Risk Management Committee shall be mainly responsible to monitor the overall risk management of the Company and control such risks within reasonable limits, so as to ensure that the Company may implement effective risk management plans with respect to various risks related to the operating activities of the Company. As of the end of the Reporting Period, the Risk Management Committee comprises six Directors, namely Mr. YANG Dong, Mr. JIN Jianhua, Mr. YAN Xiaolei, Ms. WANG Hua, Mr. ZHANG Zheng and Mr. ZHENG Wei. Mr. YANG Dong is the Chairman of the Risk Management Committee.

## SECTION 9 CORPORATE GOVERNANCE REPORT

As specified in the Articles of Association, the primary duties of the Risk Management Committee are as follows: (1) to review and advise on the general objectives and basic policies of compliance management and risk management; (2) to determine strategic structures and resources for the risk management of the Company, and to ensure that they are compatible with the internal risk management policies of the Company; (3) to review and advise on the establishment and duties of the institution for compliance management and risk management; (4) to evaluate the risks relating to major decisions to be considered by the Board and the solutions for such major risks, and to provide advice in this regard; (5) to define the limits of major risks; (6) to supervise, examine and make recommendation to the Board on relevant risk management policies; (7) to review the compliance reports and risk evaluation reports required to be considered by the Board, and providing advice in this regard; and (8) other duties determined by the Board of Directors and other duties required by the listing rules or regulatory requirements of the places where the Company's shares are listed.

### 2. Work Summaries and Meetings of the Committee

During the Reporting Period, the Risk Management Committee convened meetings and performed its duties in accordance with the Articles of Association, the Rules of Procedure for the Risk Management Committee of the Board of Directors of the Company and other provisions and requirements. In 2024, a total of 4 meetings were held, the details of which were as follows:

Date of Meeting	Subject Matters
March 27, 2024	The Resolution on the 2023 Compliance Report of the Company and the Resolution on the 2023 Internal Control Evaluation Report of the Company were considered
April 26, 2024	The Resolution on the 2023 Risk Report of the Company, the Resolution on the 2023 Anti-Money Laundering Work Report of the Company, the Resolution on the 2024 Risk Management Policies of the Company and the Resolution on the 2024 Anti-Money Laundering Work Plan of the Company were considered
July 5, 2024	The Resolution on Amendments to the Rules of Procedure for the Risk Management Committee of the Board of Directors of the Company was considered
August 28, 2024	the 2024 Interim Risk Management Work Report of the Company, the 2024 Interim Compliance Management Work Report of the Company and the 2024 Interim Anti-Money Laundering Compliance Management Work Report of the Company were heard

## SECTION 9 CORPORATE GOVERNANCE REPORT

### 3. Attendance of Meetings of the Risk Management Committee

Name	Position in the Board and the Committee	Actual attendance/ Scheduled attendance
YANG Dong	Non-executive Director and Chairman of the Risk Management Committee	4/4
JIN Jianhua	Executive Director and Member of the Risk Management Committee	0/0
YAN Xiaolei	Non-executive Director and Member of the Risk Management Committee	4/4
WANG Hua	Non-executive Director and Member of the Risk Management Committee	4/4
ZHANG Zheng	Independent Non-executive Director and Member of the Risk Management Committee	4/4
ZHENG Wei	Independent Non-executive Director and Member of the Risk Management Committee	4/4
WU Ruilin (Resigned)	Non-executive Director and Chairman of the Risk Management Committee	4/4
ZOU Yingguang (Resigned)	Executive Director and Member of the Risk Management Committee	4/4

*Note:* Mr. JIN Jianhua has served as Member of the Risk Management Committee under the Board of Directors since November 2024.

## SECTION 9 CORPORATE GOVERNANCE REPORT

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### (III) Audit Committee

#### 1. Duties of the Committee

The Audit Committee is responsible for the review of the financial information of the Company and its disclosure, supervision and evaluation of the internal and outside audit work and the internal control of the Company. As of the end of the Reporting Period, the Audit Committee comprises five Directors, namely Mr. WU Xi, Mr. YAN Xiaolei, Ms. HUA Shurui, Mr. PO Wai Kwong and Mr. ZHENG Wei. Mr. WU Xi is the Chairman of the Audit Committee.

As specified in the Articles of Association, the primary duties of the Audit Committee are as follows: (1) to supervise and evaluate the external audit work, propose to engage or change the external auditor, and supervise the practice of external auditors; (2) to supervise the annual audit and make judgment on the truthfulness, accuracy and completeness of the audited information contained in the financial reports before submitting the reports to the Board of Directors; (3) to supervise and evaluate the internal audit work, and be responsible for the coordination between the internal audit and the external audit; (4) to review the financial information of the Company and its disclosure; (5) to supervise and evaluate the internal control of the Company; (6) other duties determined by the Board of Directors and other duties required by the listing rules or regulatory requirements of the places where the Company's shares are listed.

In addition, the following matters shall be submitted to the Board of Directors for consideration upon obtaining of approval from more than half of members of the Audit Committee: (1) disclosing financial information and internal control evaluation reports in financial and accounting reports and regular reports; (2) engagement or dismissal of the accounting firm that undertakes the audit business of the listing company; (3) engagement or dismissal of the Chief Financial Officer; (4) changes in accounting policies, accounting estimates or corrections of significant accounting errors resulting from reasons other than changes in accounting standards; (5) other matters as stipulated by laws, administrative regulations, regulations of securities regulatory authorities and the Articles of Association.

## SECTION 9 CORPORATE GOVERNANCE REPORT

### 2. Work Summaries and Meetings of the Committee

During the Reporting Period, the Audit Committee convened meetings and performed its duties in accordance with the Articles of Association, the Rules of Procedure for the Audit Committee of the Board of Directors of the Company and other provisions and requirements. In 2024, a total of 9 meetings were held, the details of which were as follows:

Date of Meeting	Subject Matters
January 12, 2024	The Report on the Company's Financial and Accounting Statements in 2023 and the Report on the 2023 External Audit Work Plan of the Company were heard
February 2, 2024	The Report on the Company's Financial and Accounting Statements Initially Audit by Annual Audit Accountants for 2023 was heard
March 26, 2024	The Resolution on the 2023 External Audit Work of the Company, the Resolution on the 2023 Final Financial Accounts Plan of the Company, the Resolution on the 2023 Annual Report of the Company, the Resolution on 2023 Internal Audit Work and 2024 Work Plan of the Company, the Resolution on the 2023 Internal Control Evaluation Report of the Company, the Resolution on the Report on the Performance of Duties by the Audit Committee of the Board of the Company for 2023, the Resolution on the Report on the Supervision of the Performance of Duties of Accounting Firms by the Audit Committee of the Board of Directors of the Company in 2023, the Resolution on the Evaluation Report on the Performance of Duties by Accounting Firms of the Company in 2023 and the Resolution on the Renewing the Appointment of the Accounting Firms of the Company in 2024 were considered
April 26, 2024	The Resolution on the 2024 First Quarterly Report of the Company was considered
May 29, 2024	The Resolution on the Expected Daily Related Party Transactions/ Continuing Connected Transactions of the Company in 2024 was considered
July 5, 2024	The Resolution on Amendments to the Rules of Procedure for the Audit Committee of the Board of Directors of the Company was considered
August 28, 2024	The Resolution on 2024 Interim Review Work Report of the Company, the Resolution on the 2024 Semi-annual Report of the Company, the Resolution on the 2024 Interim Internal Audit Work Report of the Company and the Resolution on the Appointment of the Chief Financial Officer of the Company were considered
October 29, 2024	The Resolution on the 2024 Third Quarterly Report of the Company was considered
November 27, 2024	The Resolution on Amendments to the Administrative Measures for Internal Audit of the Company was considered



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### 3. Attendance of Meetings of the Audit Committee

Name	Position in the Board and the Committee	Actual attendance/ Scheduled attendance
WU Xi	Independent Non-executive Director and Chairman of the Audit Committee	9/9
YAN Xiaolei	Non-executive Director and Member of the Audit Committee	9/9
HUA Shurui	Non-executive Director and Member of the Audit Committee	1/1
PO Wai Kwong	Independent Non-executive Director and Member of the Audit Committee	9/9
ZHENG Wei	Independent Non-executive Director and Member of the Audit Committee	9/9
WU Ruilin (Resigned)	Vice Chairman of the Board, Non-executive Director and Member of the Audit Committee	7/7

*Note:* Ms. HUA Shurui has served as Member of the Audit Committee under the Board of Directors since October 2024.

### (IV) Remuneration and Nomination Committee

#### 1. Duties of the Committee

The Remuneration and Nomination Committee is mainly responsible for formulation of the appraisal standards of the Company's Directors and the senior management, as well as conducting appraisal; formulation and examination of remuneration policy and proposal for the Company's Directors and the senior management (including but not limited to performance evaluation standards, procedures and major evaluation systems, major programs and systems of incentives and penalties); researching the selection standard of Directors and the senior management and making suggestions on the candidates. As of the end of the Reporting Period, the Remuneration and Nomination Committee comprises seven Directors, namely Mr. LAI Guanrong, Mr. WANG Changqing, Mr. LI Min, Mr. YANG Dong, Mr. PO Wai Kwong, Mr. ZHANG Zheng and Mr. WU Xi. Mr. LAI Guanrong is the Chairman of the Remuneration and Nomination Committee.

As specified in the Articles of Association, the primary duties of the Remuneration and Nomination Committee are as follows: (1) to formulate a performance evaluation system responsive to the changing market conditions, competitive remuneration package and the incentive measures for awards and punishments related to operating results, in accordance with the features of the financial and securities industry, the respective scope, responsibilities, significance of the Directors and senior management and remuneration levels of similar positions in other relevant enterprises and make recommendations; (2) to assess the fulfillment of duties of the Directors and senior management of the Company and to appraise their annual performance; (3) to review and advise on the appraisal and remuneration system for the Directors and senior management; (4) to monitor the implementation of the remuneration system for the Directors and senior management; (5) to review and advise on the election standards and procedures of the Directors and senior management; to search for eligible candidates for Directors and senior management; to

## SECTION 9 CORPORATE GOVERNANCE REPORT

review and provide opinions on the qualification criteria of candidates for Directors and senior management; (6) to make recommendations to the Board of Directors on relevant matters in accordance with the provisions of the Measures for the Administration of Independent Directors of Listed Companies. If the Board of Directors does not adopt or does not fully adopt the recommendations of the Remuneration and Nomination Committee, the opinions of the Remuneration and Nomination Committee and the specific reasons therefor shall be recorded in the resolutions of the Board of Directors and be disclosed; and (7) other duties determined by the Board of Directors and other duties required by the listing rules or regulatory requirements of the places where the Company's shares are listed.

### 2. Work Summaries and Meetings of the Committee

During the Reporting Period, the Remuneration and Nomination Committee convened meetings and performed its duties in accordance with the Articles of Association, the Rules of Procedure of the Remuneration and Nomination Committee under the Board of Directors of the Company and other provisions and requirements. In 2024, a total of 9 meetings were held, the details of which were as follows:

Date of Meeting	Subject Matters
January 10, 2024	The Resolution on the 2022 Bonuses for the Executive Management Team of the Company was considered
March 27, 2024	The Resolution on the 2023 Appraisal of the Chief Compliance Officer of the Company was considered
April 2, 2024	The Resolution on Nomination of Candidates for Non-independent Directors of the Third Session of Board of Directors of the Company and the Resolution on Nomination of Candidates for Independent Non-executive Directors of the Third Session of Board of Directors of the Company were considered
April 30, 2024	The Resolution on Appointment of Senior Management of the Company and the Resolution on Appointment of Joint Company Secretary were considered
May 29, 2024	The Resolution on the Additional Appointment of Non-executive Directors of the Company was considered
July 5, 2024	The Resolution on Amendments to the Rules of Procedure for the Remuneration and Nomination Committee of the Board of Directors of the Company and the Resolution on Adjustment of Secretary to Board of the Company and Relevant Matters were considered
August 28, 2024	The Resolution on Appointment of Chief Financial Officer of the Company and the Resolution on Appointment of Members of the Executive Committee of the Company were considered
November 8, 2024	The Resolution on the Additional Appointment of Executive Directors of the Company and the Resolution on Appointment of Senior Management of the Company
December 26, 2024	The Resolution on the Remuneration Distribution Plan for Senior Management of the Company and the Resolution on Establishment of the Administrative Measures for Gross Payroll of the Company were considered; the Report on the Composition of Board of Directors of the Company and the Implementation of Board Diversity Policy was received

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### 3. Attendance of Meetings of the Remuneration and Nomination Committee

Name	Position in the Board and the Committee	Actual attendance/ Scheduled attendance
LAI Guanrong	Independent Non-executive Director and Chairman of the Remuneration and Nomination Committee	9/9
WANG Changqing	Chairman, Executive Director and Member of the Remuneration and Nomination Committee	9/9
LI Min	Vice Chairman of the Board, Non-executive Director and Member of the Remuneration and Nomination Committee	9/9
YANG Dong	Non-executive Director and Member of the Remuneration and Nomination Committee	9/9
PO Wai Kwong	Independent Non-executive Director and Member of the Remuneration and Nomination Committee	9/9
ZHANG Zheng	Independent Non-executive Director and Member of the Remuneration and Nomination Committee	9/9
WU Xi	Independent Non-executive Director and Member of the Remuneration and Nomination Committee	9/9

## VI. SUPERVISORS AND THE SUPERVISORY COMMITTEE

### (I) Composition of the Supervisory Committee

The Company sets up a Supervisory Committee that is responsible to the Shareholders' general meetings. In accordance with the provisions of the Articles of Association, the Supervisory Committee consists of six Supervisors, four of which are Shareholder representative Supervisors and two of which are employee representative Supervisors; the Supervisory Committee is chaired by the chairman of the Supervisory Committee. The Supervisors serve a term of three years and are eligible for re-election upon the expiration of their terms.

As of the end of the Reporting Period, the Supervisory Committee of the Company comprises five Supervisors, including three Shareholders' Representative Supervisors (Mr. DONG Hongfu, Mr. LI Fang, and Mr. WANG Xiaoguang) and two Employee Representative Supervisors (Mr. ZHAO Ming and Mr. DAI Bo). In January 2025, the Company elected Ms. LIN Xuan as a Shareholders' Representative Supervisor and Chairman of the Supervisory Committee; as of the Date of Disclosure of the Report, the Supervisory Committee of the Company comprises six Supervisors. For details of changes of Supervisors, please refer to "Changes in Directors, Supervisors and Senior Management of the Company during the Reporting Period to the Disclosure Date" in "Section 8 Directors, Supervisors, Senior Management and Employees" of this report.

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### (II) Duties and Powers of the Supervisory Committee

In accordance with the provisions of the Articles of Association, the Supervisory Committee of the Company shall exercise the following duties and powers: (1) to review the regular reports of the Company prepared by the Board and put forward written review opinions; (2) to review the financial position of the Company; (3) to supervise the Directors and senior management in their performance of duties in the Company and propose the dismissal of Directors and senior management who contravenes laws, administrative regulations, the Articles of Association or resolutions of Shareholders' general meeting; (4) to demand any Director and senior management who acts in a manner which is prejudicial to the interests of the Company to rectify such behavior, and report to the Shareholders' general meeting or relevant competent authorities of the State when necessary; (5) to propose the convening of an extraordinary general meeting, and to convene and preside over the Shareholders' general meeting when the Board fails to perform such duties as specified by the Company Law; (6) to put forward proposals to the Shareholders' general meetings; (7) to attend the Board meetings, and put forward queries or suggestions regarding resolutions at Board Meetings; (8) to arrange resignation audit on senior management members; (9) to initiate litigations against Directors and senior management members in accordance with provisions of the Company Law; (10) to conduct investigation in case of any abnormality found in the operation of the Company; and if necessary, to retain at the expense of the Company such agencies as certified accounting firm and law firm to assist its work; (11) to supervise the performance of clean management duties of the Directors and senior management; (12) to supervise the performance of integrity management duty of the Directors and senior management; (13) other duties and powers conferred by laws, administrative regulations, departmental rules, normative documents, listing rules of the place where the Company is listed and the Articles of Association.

### (III) Operation of the Supervisory Committee

During the Reporting Period, the Supervisory Committee of the Company standardized its operation in strict compliance with relevant laws, regulations and normative documents, the Articles of Association and the Rules of Procedures for Supervisory Committee of the Company. Convening and holding procedures, voting procedures and other matters of Supervisory Committee meetings complied with the provisions of the Company Law and the Articles of Association, and resolutions made were legal and valid.

### (IV) Convening of Meetings of the Supervisory Committee

In 2024, the Company convened a total of eleven meetings of the Supervisory Committee, the details of which were as follows:

On March 28, 2024, the 33rd meeting of the second session of the Supervisory Committee of the Company considered and approved resolutions including the Resolution on the 2023 Work Report of the Supervisory Committee of the Company, the Resolution on 2023 Internal Audit Work and 2024 Work Plan of the Company, the Resolution on the 2023 Final Financial Accounts Plan of the Company, the Resolution on the Profit Distribution Plan of the Company in 2023, the Resolution on the 2023 Annual Report of the Company, the Resolution on the 2023 Compliance Report of the Company, the Resolution on the 2023 Internal Control Evaluation Report of the Company, the Resolution on the 2023 Social Responsibility & Environmental, Social and Governance (ESG) Report of the Company.

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On April 3, 2024, the 34th meeting of the second session of the Supervisory Committee of the Company considered and approved the Resolution on Nomination of Candidates for Shareholder Representative Supervisors of the Third Session of the Supervisory Committee of the Company.

On April 29, 2024, the Resolution on the 2024 First Quarterly Report of the Company, the Resolution on the 2023 Risk Report of the Company, the Resolution on the 2023 Anti-Money Laundering Work Report of the Company, the Resolution on the 2024 Anti-Money Laundering Work Plan of the Company were considered and approved at the 35th meeting of the second session of the Supervisory Committee of the Company.

On April 30, 2024, the 1st meeting of the third session of the Supervisory Committee of the Company considered and approved resolutions including the Resolution on Exemption from Prior Notification Time Requirements of Meetings of the Supervisory Committee, and the Resolution on Election of the Chairman of the Supervisory Committee of the Company.

On May 30, 2024, the 2nd meeting of the third session of the Supervisory Committee of the Company considered and approved resolutions including the Resolution on the Interim Profit Distribution Plan in 2024, and the Resolution on the Expected Daily Related Party Transactions/ Continuing Connected Transactions of the Company in 2024.

On July 8, 2024, the 3rd meeting of the third session of the Supervisory Committee of the Company considered and approved the Resolution on Amendments to the Articles of Association, the Rules of Procedure of Shareholders' General Meeting and the Rules of Procedure of the Supervisory Committee.

On August 29, 2024, the 4th meeting of the third session of the Supervisory Committee of the Company considered and approved resolutions including the Resolution on the 2024 Semi-annual Report of the Company and the Resolution on the 2024 Interim Internal Audit Work Report, and heard the 2024 Interim Risk Management Work Report of the Company, the 2024 Interim Compliance Management Work Report of the Company and the 2024 Interim Anti-Money Laundering Compliance Management Work Report of the Company.

On September 26, 2024, the 5th meeting of the third session of the Supervisory Committee of the Company considered and approved the Resolution on the 2024 Interim Profit Distribution Plan of the Company.

On October 30, 2024, the 6th meeting of the third session of the Supervisory Committee of the Company considered and approved the Resolution on the 2024 Third Quarterly Report of the Company.

On November 28, 2024, the 7th meeting of the third session of the Supervisory Committee of the Company considered and approved the Resolution on Amendments to Measures for Internal Audit Management of the Company.

On December 20, 2024, the 8th meeting of the third session of the Supervisory Committee of the Company considered and approved resolutions including the Resolution on the Exemption of Prior Notice Period of Supervisory Committee Meeting, the Resolution on Nomination of Shareholder Representative Supervisors of the Company and the Resolution on Election of Convener of Supervisory Committee of the Company.



## SECTION 9 CORPORATE GOVERNANCE REPORT

### (V) Attendance of Meetings of the Supervisory Committee by Supervisors

Name	Number of meetings	Attendance in person	Attendance by proxy	Absence
LIN Xuan	10	10	0	0
DONG Hongfu	11	11	0	0
LI Fang	8	8	0	0
WANG Xiaoguang	11	11	0	0
ZHAO Ming	11	11	0	0
DAI Bo	1	1	0	0
ZHOU Xiaoyu (Resigned)	11	11	0	0
AI Bo (Resigned)	3	3	0	0

*Note:* Mr. LI Fang and Mr. DAI Bo have served as Supervisors from April 30, and December 20, 2024, respectively.

## VII. COMPANY SECRETARIES

On July 8, 2024, the 4th meeting of the third session of the Board of Directors of the Company considered and approved the Resolution on Adjusting the secretary to the Board and Related Matters, pursuant to which Mr. LIU Naisheng was appointed as secretary to the Board and a joint company secretary of the Company and Mr. WANG Guangxue will be ceased to serve. The adjustment to the joint company secretary would take effect from July 12, 2024.

In order to maintain sound corporate governance and to ensure the Company strictly comply with the Listing Rules and applicable Hong Kong laws, the Company has also appointed Ms. WONG Wai Ling of SWCS Corporate Services Group (Hong Kong) Limited, as the Company's joint company secretary, to assist Mr. LIU Naisheng in discharging the duties of a company secretary. Mr. LIU Naisheng has attended necessary trainings on, including laws and regulations of the place where the Shares of the Company are listed, the Listing Rules, Director and Board secretaries' duties, rules on information disclosure, rules on related party/connected transactions, notifiable transactions, securities dealings of Directors, Supervisors and senior management, disclosure of interests and rules on market misconduct, and the implementation of relevant internal policies. Meanwhile, Mr. LIU Naisheng has passed the examination for the secretary to the Board organized by the SSE and continuously possessed the qualification for acting as the secretary to the Board. Both Mr. LIU Naisheng and Ms. WONG Wai Ling confirmed that they received not less than 15 hours of relevant professional training for 2024 as of December 31, 2024.

During the Reporting Period, the secretary to the Board and a joint company secretary of the Company are responsible for making recommendations to the Board on matters related to corporate governance and ensure that Board policies and procedures as well as applicable laws, rules and regulations are strictly followed.



## SECTION 9 CORPORATE GOVERNANCE REPORT

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### VIII. INVESTOR RELATIONS

The Company has paid attention to maintaining investor relations and promoted the standardized operation of the Company and protected the rights and interests of investors through comprehensive and effective investor relations management. The Company has actively performed the duties of a listed company, strengthened the investor relations management, established and improved the investor relations management system, established an investor relations management team led by the secretary of the Board of Directors, built effective communication channels between the Company and investors, promoted the positive relationship between the Company and investors, and made efforts to enhance the investors' sense of gain and satisfaction.

In 2024, after the publication of its annual, semi-annual and third-quarter results, the Company held performance briefings in a timely manner by way of live broadcast or online interaction, to extensively collect and actively respond to market concerns. The Company actively invited analysts and institutional investors to do research, so as to promote the market's full understanding of the value of investments in the Company. The Company also attached great importance to the communication with and maintenance of small and medium-sized investors and responded to the inquiries of investors through various means, such as the investor contact hotline, investor contact email and the "e-interactive platform" of the SSE, so that investors could understand the situation of the Company more conveniently and quickly. Meanwhile, the Company fully realized the importance of mutual growth of itself and the investors and submitted the investors' suggestions to the executive management and relevant departments in a timely manner, so as to promote the continuous improvement in the governance and value creation ability of the Company. In the management of investor relations, the Company strictly complied with various regulatory requirements in relation to information disclosure.

### IX. PROCEDURES FOR PROCESSING AND RELEASING INSIDE INFORMATION

The Company formulated the Information Disclosure Management Measures of the Company and the Insider Registration Management System for the Inside Information of the Company to provide the principals, division of duties and responsibilities on information disclosure, and the procedures for processing and disclosing inside information and determining other information required to be disclosed, as well as insiders management for the inside information. Pursuant to this policy, the Company must, as soon as reasonably practicable when any inside information has come to its knowledge or a false market may be formed, disclose such information to the public.

During the Reporting Period, the Company has truthfully, accurately, completely, legally and timely disclosed information strictly in compliance with the requirements of domestic and overseas laws and regulations, Listing Rules, Articles of Association and the Policy on Information Disclosure Management of the Company without any false records, misleading statements or material omissions, to ensure investors will be able to receive the disclosed information in a fair, timely and effective manner.

### X. COMMUNICATION WITH SHAREHOLDERS

The Shareholders' general meeting is the body exercising the authority of the Company, and Shareholders shall exercise the powers and duties in accordance with the laws and regulations, the Articles of Association and the Rules of Procedures for the Shareholders' General Meeting of the Company.

## SECTION 9 CORPORATE GOVERNANCE REPORT

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The rights of the Shareholders are specified in the Articles of Association. The Company has convened the Shareholders' general meetings in strict compliance with the relevant rules and procedures such that all Shareholders, especially minority Shareholders, are treated equally and can fully exercise their own legitimate rights. Shareholder(s) that hold, individually or collectively, more than 10% of the Shares in the Company shall have the right to request in writing the Board to convene an extraordinary general meeting. When the Company convenes Shareholders' general meeting, the Board, the Supervisory Committee and Shareholder(s) that hold, individually or collectively, more than 3% of the Shares in the Company have the right to propose motions at the Shareholders' general meeting. The Shareholders may attend and vote at Shareholders' general meetings in person or by proxy. The detailed applicable rules are set out in the Articles of Association. The Articles of Association is set out on the official websites of the Company, the SSE and the Hong Kong Stock Exchange.

The Shareholders' general meeting provides opportunities for communications between the Company and its Shareholders. The Company encourages Shareholders to attend the Shareholders' general meetings in person, or if they fail to attend such meetings, appoint proxies to attend and vote at the meetings for and on their behalf. The Company highly values the opinions, suggestions and concerns of the Shareholders and has assigned dedicated persons to proactively carry out various types of investor relation activities to keep in contact with Shareholders and timely meet their reasonable demands.

The Company's official website ([www.csc108.com](http://www.csc108.com)) provides Shareholders with corporate information, such as major business activities and the latest development of the Group, the Group's corporate governance, and the structure and functions of the Board and each of the committees of the Company. To serve as a channel promoting effective communication with Shareholders, the "Investor Relations" section on the Company's website also publishes announcements, notices of Shareholders' general meeting and circulars, financial data and other information of the Company required to be disclosed under the Listing Rules from time to time. We encourage Shareholders to make enquiries about relevant information directly by way of, among others, making calls or sending emails and sending letters to the office address of the Company, and deal with above enquiries appropriately in a timely manner. Please refer to the section headed "Company Profile and Key Financial Indicators" in this report for the contact details of the Company.

The Company welcomes all Shareholders to attend the Shareholders' general meetings and makes appropriate arrangement for Shareholders' general meetings to encourage Shareholders to attend the meetings. The Company's Directors, Supervisors and relevant senior management will attend the Shareholders' general meetings. In accordance with the Corporate Governance Code of Hong Kong Stock Exchange, the Chairman of the Board and the chairperson of special committees under the Board shall attend the annual general meeting and answer questions at the meeting and shall ensure that the external auditors shall attend the annual general meeting and answer the relevant questions raised by Shareholders.

The Company shall arrange Directors, Supervisors and senior management to answer questions raised by Shareholders during the 2024 annual general meeting. The detailed procedures of voting and details of the resolutions will be set out in the information or circular of the Shareholders' general meetings.

### **XI. AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

In order to further improve corporate governance, the Company has made amendments to the Articles of Association during the Reporting Period in accordance with the requirements of the CSRC, the SSE, the Hong Kong Stock Exchange and other management organizations while also taking into account the actual situations of the Company. Such amendments were considered and approved at the 2024 second extraordinary general meeting, the 2024 first A Shareholders' class meeting and the 2024 first H Shareholders' class meeting of the Company. The amended Articles of Association took effect on July 31, 2024. For details, please refer to the relevant announcement.

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### XII. RISK MANAGEMENT, COMPLIANCE MANAGEMENT AND INTERNAL CONTROL

#### (I) Risk Management

For the objectives and policies of risk management of the Company, please refer to “Section 4 Management Discussion and Analysis – XII. Risk Management” of this annual report.

The Board confirms its responsibility for the risk management and internal control systems and reviews the effectiveness of such systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

#### (II) Compliance Management

The Company has established a four-level compliance management structural system comprising the Board, Chief Compliance Officer, Legal and Compliance Department and the people in charge of compliance management across business departments, branches, and subsidiaries at all levels. The compliance management system with the Chief Compliance Officer as the core is independent from the operations management system of the Company and has the right to independently issue compliance reports.

The Board of the Company determines the objectives of compliance management and is responsible for the effectiveness of compliance management of the Company, the executive management is responsible for implementing the targets of compliance management and is responsible for compliance operation of the Company; heads of all departments, all branches and all subsidiaries at all levels of the Company are responsible for implementing the targets of compliance management of the entity and are responsible for compliance operation of the entity.

The Company’s Chief Compliance Officer, a senior management personnel of the Company, is in charge of the Company’s compliance, directly accountable to the Board, and responsible for reviewing, supervising and examining the compliance of the operations, management and business activities carried out by the Company and its employees.

The Company has established the Legal and Compliance Department as a specific department of compliance management, which is under the leadership of the Chief Compliance Officer and independently carries out the compliance management of the Company. The main responsibilities of the Legal and Compliance Department are to assist the Chief Compliance Officer in formulating and amending the compliance management system of the Company and facilitate its implementation; to provide compliance suggestions, compliance consultation and compliance training, and guide the staff of the Company to accurately understand the laws and regulations and standards; to provide compliance advice on review of new products and new businesses of the Company to identify and evaluate its compliance risks; to conduct compliance inspection, compliance accountability and compliance report, and organize to rationalize and evaluate the compliance of the system and procedures of the Company; to conduct compliance monitoring in terms of the compliance of, among others, suspicious transactions and employees’ behaviors; to be responsible for specific compliance management of the Company such as anti-money laundering, management of compliance personnel, information isolation and conflicts of interests; to initiate and facilitate compliance cultural construction, and cultivate the compliance awareness of all staff.

## SECTION 9 CORPORATE GOVERNANCE REPORT

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The Company has appointed compliance management personnel as required by the regulatory requirements for all business departments and all branches, and the compliance management personnel are responsible for compliance management including daily monitoring, inspection, management and training in relation to compliance in their entities. The full-time and part-time compliance management personnel are assessed by the Company's Chief Compliance Officer in accordance with regulatory requirements.

The Company has had the compliance management of subsidiaries at all levels been integrated into a unified system, specified compliance management matters of the subsidiaries subject to reporting to the Company, conducted reviews on the compliance management system of subsidiaries, and supervised and inspected the compliance of behaviors of subsidiaries' management to ensure that the compliance management of the subsidiaries is in compliance with the requirements of the Company.

### (III) Internal Control

The Company has established comprehensive corporate regulatory systems since its inception to strengthen its internal control management and control operational risks. Currently, the Company has formulated various business and functional management systems and procedures to regulate the Company's operation management and business operations. The Company's systems embody the principles of mutual restraint, checks and balances, and mutual connection and coordination among decision-making, execution, supervision, and other links, as well as the principles of hierarchical authorization and hierarchical management, which comprehensively cover all the businesses and processes of the Company. The Company's systems are classified into corporate governance systems, basic systems, implementation systems, and department management systems. The Company has established a dynamic tracking mechanism for new regulations and a system re-inspection mechanism to promptly improve its internal systems in accordance with laws, regulations, regulatory requirements, self-regulatory rules, etc. The Legal and Compliance Department and the Risk Management Department review the Company's systems to ensure that all systems comply with the requirements of laws and regulations.

In 2024, the Company promptly followed up on the latest external regulatory requirements and, based on internal business management needs, formulated and revised more than 200 internal management systems, including the External Data Management Measures 《外部數據管理辦法》, the Data Security Management Measures 《數據安全管理辦法》, the Internal Audit Management Measures 《內部審計管理辦法》, the Information Separation Wall Management Measures 《信息隔離牆管理辦法》, the Procurement Administration Measures 《採購管理辦法》, the Fund Operation Service Business Administration Measures 《基金運營服務業務管理辦法》, and the Implementation Rules for the Compliance Management of Subsidiaries 《子公司合規管理實施細則》. The formulation and revision of these measures ensure the smooth progress of the Company's business under the requirements of laws, regulations and regulatory rules, strengthen the Company's internal management processes, and protect the legitimate rights and interests of shareholders and investors. The Company has established internal control systems for all business and management matters, which have been effectively implemented, achieving the targets of the Company's internal control.

## SECTION 9 CORPORATE GOVERNANCE REPORT

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### XIII. APPOINTMENT OF AUDITORS

Please refer to “Engagement or Dismissal of Accounting Firms” of this annual report for the appointment of auditors.

The Directors of the Company are responsible for the preparation of the accounts, and the auditors are responsible for expressing audit opinions on the financial statements based on their audit work.

#### (I) Non-audit Work

The Company engaged auditors to conduct non-audit work. Please refer to Note 10 to the consolidated financial statements of this annual report for the charges during the Reporting Period.

#### (II) Basis for Establishment of Internal Control for Financial Report

During the Reporting Period, the Company further established and improved the internal control for financial report in continuous compliance with the requirements under the Basic Norms of Internal Control for Enterprises and its ancillary guidelines, Guidance for the Internal Control of Securities Companies and other laws and regulations and rules, and in accordance with the actual situation of the Company.

During the Reporting Period, in strict compliance with the requirements under the Company Law, the Accounting Law, the Accounting Standards for Business Enterprises, the Standardization of Basic Work of Accounting, the Basic Norms of Internal Control for Enterprises and other relevant laws and regulations, and in accordance with the characteristics of the industry and the actual situation of the Company, the Company formulated, revised or improved the financial and accounting management systems of the Company such as the Articles for the Management of Meeting Expenses (《會議費管理細則》), the Administrative Measures for Procurement (《採購管理辦法》) and the Working Rules of the Procurement Decision-making Professional Committee (《採購決策專業委員會工作規則》), and other internal control systems. The Company ensured the financial reports prepared by the Company complied with the requirements of accounting standards, and could truthfully, accurately and completely reflect the relevant information of the Company, such as the financial position, operating results and cash flow, by setting up a scientific financial and accounting organization structure, engaging qualified financial and accounting professionals, adopting a standardized and strict financial and accounting management system, implementing proper accounting policies and reasonable accounting estimates and other methods. The Supervisory Committee of the Company and entities such as external auditors conducted effective examination and supervision over the finance of the Company, and expressed professional audit opinions on the financial reports of the Company pursuant to the Articles of Association and the relevant regulations.

During the Reporting Period, the sound and smoothly-operated internal control system relating to the Company's financial report could safeguard the quality of the financial report and ensure the high reliability of the financial information. During the Reporting Period, there was no material defect in the internal control relating to the Company's financial report, and the Company's annual financial report were true, accurate and complete.



# INDEPENDENT AUDITOR'S REPORT

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To the shareholders of CSC Financial Co., Ltd.  
(Established in the People's Republic of China with limited liability)

## OPINION

We have audited the consolidated financial statements of CSC Financial Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 191 to 312, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

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



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Consolidation of structured entities

Refer to material accounting policies, significant accounting judgements and estimates in Note 3.2(5), Note 48 to the consolidated financial statements and basis of preparation in Note 2.3.

#### The Key Audit Matter

Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. The Group may acquire or retain an ownership interest in, or act as a sponsor of, a structured entity through issuance or acquisition of shares.

In determining whether a structured entity is required to be consolidated by the Group, management is required to consider the power the Group is able to exercise over the activities of the entity and its exposure to and ability to influence its own returns from the entity. In certain circumstances, the Group may be required to consolidate a structured entity even though it has no equity interest therein.

#### How the matter was addressed in our audit

Our audit procedures to assess the consolidation of structured entities included the following:

- making enquiries of management and inspecting relevant documents used by management relating to the judgement process over whether a structured entity is consolidated or not to assess whether the Group has an appropriate process in this regard;
- selecting a sample of structured entities for each key product type and performing the following procedures for each item selected:
  - inspecting the related contracts and internal documents to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and to assess management's judgement over whether the Group has the ability to exercise power over the structured entity;

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Consolidation of structured entities (continued)

Refer to material accounting policies, significant accounting judgements and estimates in Note 3.2(5), Note 48 to the consolidated financial statements and basis of preparation in Note 2.3.

#### The Key Audit Matter

The factors which management needs to consider when determining whether a structured entity should be consolidated or not are not purely quantitative and need to be considered collectively.

We identified the consolidation of structured entities as a key audit matter because it involves significant management judgement in determining whether a structured entity is required to be consolidated by the Group or not and because the impact of consolidating a structured entity on the consolidated statement could be significant.

#### How the matter was addressed in our audit

- evaluating the risk and reward structure of the structured entity including any capital or return guarantee, commission paid and distribution of the returns to assess management's judgement as to exposure, or rights, to variable returns from the Group's involvement in such an entity;
- evaluating management's analysis of the structured entity including qualitative analysis and calculations of the magnitude and variability associated with its economic interests in the structured entity to assess management's judgement over the Group's ability to influence its own returns from the structured entity;
- evaluating management's judgement over whether the structured entity should be consolidated or not;
- assessing the disclosures in the consolidated financial statements in relation to structured entities with reference to the requirements of the prevailing accounting standards.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Expected credit impairment allowance of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments)

Refer to the material accounting policies, significant accounting judgements and estimates in Note 3.1(5)(e) and Note 3.2 (1).

### The Key Audit Matter

The determination of expected credit impairment allowance of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments) using the expected credit loss ("ECL") model is subject to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default and forward-looking adjustment. Management judgment is involved in the selection of those parameters and the application of the assumptions.

In particular, the determination of ECL model is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. When evaluating key parameters and assumptions, the expected credit impairment allowance of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments) are derived from estimates whereby management takes into consideration of the historical losses, internal and external credit grading and other factors.

### How the matter was addressed in our audit

Our audit procedures to assess expected credit impairment allowance of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments) included the following:

- understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments), the measurement of expected credit impairment allowances;
- with involvement of KPMG financial risk specialists, assessing the reliability of the ECL model and parameters used by management in determining expected credit impairment allowance, including the identification of loss stages, probability of default, loss given default, exposure at default and adjustments for forward-looking information, assessing the reasonableness of significant management judgement involved;

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Expected credit impairment allowance of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments) (continued)

Refer to the material accounting policies, significant accounting judgements and estimates in Note 3.1(5)(e) and Note 3.2(1).

#### The Key Audit Matter

Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, the recoverable amount of collateral, the seniority of the claim and the existence and cooperativeness of other creditors. When listed stocks are involved as collateral, price volatility of the stock, the liquidity, the stock holding concentration of the borrower, the loan balances to collateral ratio and the operation of the issuer will also be taken into account in the judgement.

We identified expected credit impairment allowance of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments) as a key audit matter because of the inherent uncertainty and management judgment involved and because of the respective significance to the financial results and capital of the Group.

#### How the matter was addressed in our audit

- assessing the completeness and accuracy of the key data used for the parameters in the ECL model. For parameters derived from key internal data relating to original agreements, we compared the total balance of the financial asset list used by management to assess the allowances for impairment of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments) with the general ledger; on a sample basis, selecting financial assets and comparing investment information with the underlying agreements and other related documentation to assess the accuracy of compilation of the asset list. For parameters derived from key external data, we selected samples to inspect the accuracy of such data by comparing them with external sources;
- for parameters involving judgement, critically assessing input parameters by seeking evidence from external sources and comparing to the Group's internal records. We compared the economic factors used in the models with market information to assess whether they were aligned with market and economic development;

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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### Expected credit impairment allowance of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments) (continued)

Refer to the material accounting policies, significant accounting judgements and estimates in Note 3.1(5)(e) and Note 3.2(1).

#### The Key Audit Matter

#### How the matter was addressed in our audit

- evaluating the validity of management's assessment on whether the credit risk of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments) has, or has not, increased significantly since initial recognition and whether the financial assets is credit impaired. Checking the reasonableness of management's assessment on the risk stage of credit impaired financial assets by select risk-based samples. On a sample basis, we checked the financial assets overdue information, understanding the credit situation and the collateral to loan ratio of the borrowers;
- for selected samples of the financial assets that are credit-impaired, evaluating the reasonableness of loss given default. We also evaluated the forecast cash flows, challenged the viability of the Group's recovery plans and evaluated other credit enhancements that are integral to the contract terms;
- reviewing the accuracy of the amount of expected credit impairment allowance using the ECL model based on the above audit procedures for a sample of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments);
- evaluating whether the disclosures on expected credit impairment allowance of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments) meet the disclosure requirements of prevailing accounting standards.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Valuation of financial instruments measured at fair value and classified as Level 3

Refer to Note 52(1), (2), (3) to the consolidated financial statements and the material accounting policies, significant accounting judgements and estimates in Note 3.1(5)(d) and Note 3.2(3).

#### The Key Audit Matter

As at 31 December 2024, the Group's financial instruments included those classified under Level 3 in the fair value hierarchy, which were measured using valuation techniques that involve significant unobservable inputs.

We identified valuation of financial instruments measured at fair value and classified as Level 3 as a key audit matter because of the size of their amounts, the degree of complexity involved in valuing financial instruments and the significant degree of judgement exercised by management in determining the inputs used in the valuation models.

#### How the matter was addressed in our audit

Our audit procedures to assess the valuation of financial instruments measured at fair value and classified as Level 3 included the following:

- understanding and assessing the design, implementation and operating effectiveness of key internal controls over the valuation, independent price verification and valuation model approval for financial instruments;
- reading investment agreements entered into during the current year, for a sample of level 3 financial instruments to understand the relevant investment terms and identify any conditions that were relevant to the valuation of financial instruments;
- involving KPMG valuation specialists to assist us in evaluating the valuation models used by the Group to value certain level 3 financial instruments and to perform, on a sample basis, independent valuations of level 3 financial instruments and compare these valuations with the Group's valuations. This included comparing the Group's valuation models with our knowledge of current market practice, testing inputs to the fair value calculations and establishing our own valuation models to perform revaluations;
- evaluating the reasonableness of the disclosures on the valuation of financial instruments measured at fair value and classified as Level 3 with reference to the requirements of the prevailing accounting standards.



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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### INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

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

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lee Lok Man.

### **KPMG**

*Certified Public Accountants*

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

27 March 2025

# CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

	Note	Year ended 31 December 2024	2023
<b>Revenue</b>			
Fee and commission income	6	13,335,952	14,402,652
Interest income	7	8,682,791	10,117,898
Net investment gains	8	7,727,719	6,841,744
		29,746,462	31,362,294
Other income	9	2,469,766	2,617,138
<b>Total revenue and other income</b>		32,216,228	33,979,432
Fee and commission expenses	10	(3,194,754)	(2,332,552)
Interest expenses	10	(7,897,001)	(8,406,078)
Staff costs	10	(6,308,855)	(7,972,590)
Tax and surcharges		(120,549)	(130,308)
Other operating expenses and costs	10	(5,903,969)	(6,895,434)
Credit impairment (losses)/reversals	13	(90,598)	130,343
Impairment losses on other assets		(18,582)	(8,417)
<b>Total expenses</b>		(23,534,308)	(25,615,036)
<b>Operating profit</b>		8,681,920	8,364,396
Share of profits of associates		8,318	7,373
<b>Profit before income tax</b>		8,690,238	8,371,769
Income tax expense	14	(1,454,710)	(1,324,423)
<b>Profit for the year</b>		7,235,528	7,047,346
Attributable to:			
Equity holders of the Company		7,223,220	7,034,486
Non-controlling interests		12,308	12,860
		7,235,528	7,047,346
Earnings per share attributable to ordinary equity holders of the Company (expressed in RMB yuan per share)			
– Basic and diluted	16	0.79	0.78

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

	Year ended 31 December	
	2024	2023
<b>Profit for the year</b>	7,235,528	7,047,346
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit or loss in subsequent years</b>		
Net gains on investments in debt instruments measured at fair value through other comprehensive income	586,856	268,925
Net (losses)/gains on investments in debt instruments measured at fair value through other comprehensive income reclassified to profit or loss on disposal	(145,924)	29,746
Income tax relating to these items	(100,082)	(64,085)
	340,850	234,586
Share of other comprehensive income of associates	7	34
Foreign currency translation differences	87,381	61,428
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Net gains/(losses) on investments in equity instruments designated as at fair value through other comprehensive income	222,488	(25,636)
Income tax relating to these items	(52,644)	–
	169,844	(25,636)
<b>Other comprehensive income for the year, net of tax</b>	598,082	270,412
<b>Total comprehensive income for the year</b>	7,833,610	7,317,758
Attributable to:		
Equity holders of the Company	7,821,302	7,304,898
Non-controlling interests	12,308	12,860
	7,833,610	7,317,758

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

	Note	31 December 2024	31 December 2023
<b>Non-current assets</b>			
Property, plant and equipment	17	701,822	799,929
Right-of-use assets	18	1,141,474	1,477,583
Investment properties		39,761	43,823
Intangible assets	19	863,461	827,251
Investments in associates	21	122,782	114,656
Financial assets at fair value through profit or loss	22	8,589,334	10,034,677
Financial assets at fair value through other comprehensive income	23	14,742,205	1,400
Financial assets held under resale agreements	24	–	29,887
Refundable deposits	25	12,829,143	12,741,491
Deferred tax assets	26	80,410	428,316
Other non-current assets	27	267,672	361,708
<b>Total non-current assets</b>		<b>39,378,064</b>	<b>26,860,721</b>
<b>Current assets</b>			
Margin accounts	28	62,948,804	56,392,572
Accounts receivable	29	9,139,736	9,680,222
Financial assets at fair value through profit or loss	22	193,382,082	204,157,742
Financial assets at fair value through other comprehensive income	23	77,639,092	75,801,856
Derivative financial assets	30	3,358,209	4,185,151
Financial assets held under resale agreements	24	11,103,213	13,912,409
Cash held on behalf of clients	31	122,276,940	93,944,908
Cash and bank balances	32	46,473,105	36,620,725
Other current assets	33	718,973	1,195,882
<b>Total current assets</b>		<b>527,040,154</b>	<b>495,891,467</b>
<b>Total assets</b>		<b>566,418,218</b>	<b>522,752,188</b>
<b>Current liabilities</b>			
Accounts payable to brokerage clients	34	130,641,940	100,923,675
Lease liabilities	35	581,904	480,880
Derivative financial liabilities	30	4,072,192	4,360,558
Financial liabilities at fair value through profit or loss	36	6,452,426	5,185,063
Financial assets sold under repurchase agreements	37	113,712,825	129,461,728
Placements from banks and other financial institutions	38	800,037	1,904,048
Taxes payable	39	956,368	363,965
Short-term borrowings	40	3,858,353	473,460
Short-term financing instruments payable	41	38,450,587	37,701,659
Other current liabilities	42	59,039,250	57,531,977
<b>Total current liabilities</b>		<b>358,565,882</b>	<b>338,387,013</b>
<b>Net current assets</b>		<b>168,474,272</b>	<b>157,504,454</b>
<b>Total assets less current liabilities</b>		<b>207,852,336</b>	<b>184,365,175</b>

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



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

	Note	31 December 2024	31 December 2023
<b>Non-current liabilities</b>			
Financial liabilities at fair value through profit or loss	36	2,653,036	4,959,247
Bonds in issue	43	97,858,791	80,643,971
Lease liabilities	35	660,698	1,065,204
Deferred tax liabilities	26	157,616	166,832
Other non-current liabilities		3,245	3,514
<b>Total non-current liabilities</b>		<b>101,333,386</b>	<b>86,838,768</b>
<b>Net assets</b>		<b>106,518,950</b>	<b>97,526,407</b>
<b>Equity</b>			
Share capital	44	7,756,695	7,756,695
Other equity instruments	45	29,825,830	24,906,528
Reserves	46	38,647,219	35,665,798
Retained earnings		30,238,990	29,149,026
Equity attributable to equity holders of the Company		106,468,734	97,478,047
Non-controlling interests		50,216	48,360
<b>Total equity</b>		<b>106,518,950</b>	<b>97,526,407</b>

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

Approved and authorized for issue by the Board of Directors on 27 March 2025.

**Liu Cheng**

Chairman

**Jin Jianhua**

Executive Director, General Manager

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

	Note	Attributable to equity holders of the Company									Non-controlling interests	Total
		Share capital	Other equity instruments	Reserves					Retained earnings	Subtotal		
				Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve				
At 1 January 2024		7,756,695	24,906,528	12,417,001	7,063,893	15,273,437	516,895	394,572	29,149,026	97,478,047	48,360	97,526,407
Profit for the year		-	-	-	-	-	-	-	7,223,220	7,223,220	12,308	7,235,528
Other comprehensive income for the year		-	-	-	-	-	510,701	87,381	-	598,082	-	598,082
Total comprehensive income for the year		-	-	-	-	-	510,701	87,381	7,223,220	7,821,302	12,308	7,833,610
Capital injected/(reduced) by equity holders												
– Capital injected by other equity instrument holders	45	-	4,919,302	(46,113)	-	-	-	-	-	4,873,189	-	4,873,189
Appropriation to surplus reserve	46	-	-	-	809,908	-	-	-	(809,908)	-	-	-
Appropriation to general reserve	46	-	-	-	-	1,619,269	-	-	(1,619,269)	-	-	-
Dividends to equity holders	15	-	-	-	-	-	-	-	(2,637,276)	(2,637,276)	-	(2,637,276)
Distribution to other equity instrument holders	15	-	-	-	-	-	-	-	(1,066,528)	(1,066,528)	-	(1,066,528)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	-	(10,452)	(10,452)
Others		-	-	-	-	-	275	-	(275)	-	-	-
At 31 December 2024		7,756,695	29,825,830	12,370,888	7,873,801	16,892,706	1,027,871	481,953	30,238,990	106,468,734	50,216	106,518,950

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

		Attributable to equity holders of the Company										
		Reserves										
Note	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interests	Total	
At 1 January 2023	7,756,695	24,906,528	12,417,001	6,386,088	13,953,964	307,911	333,144	27,189,876	93,251,207	44,335	93,295,542	
Profit for the year	-	-	-	-	-	-	-	7,034,486	7,034,486	12,860	7,047,346	
Other comprehensive income for the year	-	-	-	-	-	208,984	61,428	-	270,412	-	270,412	
Total comprehensive income for the year	-	-	-	-	-	208,984	61,428	7,034,486	7,304,898	12,860	7,317,758	
Capital injected/(reduced) by equity holders – Others	-	-	-	-	-	-	-	-	-	(1,750)	(1,750)	
Appropriation to surplus reserve	46	-	-	679,212	-	-	-	(679,212)	-	-	-	
Appropriation to general reserve	46	-	-	-	1,319,473	-	-	(1,319,473)	-	-	-	
Dividends to equity holders	15	-	-	-	-	-	-	(2,094,308)	(2,094,308)	-	(2,094,308)	
Distribution to other equity instrument holders	15	-	-	-	-	-	-	(983,750)	(983,750)	-	(983,750)	
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(7,085)	(7,085)	
Others		-	-	(1,407)	-	-	-	1,407	-	-	-	
At 31 December 2023	7,756,695	24,906,528	12,417,001	7,063,893	15,273,437	516,895	394,572	29,149,026	97,478,047	48,360	97,526,407	

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

	Year ended 31 December 2024	2023
<b>Cash flows from operating activities</b>		
Profit before income tax	8,690,238	8,371,769
Adjustments for:		
Interest expenses on bonds in issue, short-term financing instruments payable, borrowings and lease liabilities	4,311,153	4,005,140
Dividend income and interest income from financial assets at fair value through other comprehensive income	(2,199,310)	(2,416,810)
Net gains from disposal of financial assets at fair value through other comprehensive income	(405,217)	(366,466)
Share of profits from associates and joint ventures	(8,318)	(7,373)
Net gains on disposal of property, plant, equipment and other assets	(159)	(2,009)
Revaluation gains on financial instruments at fair value through profit or loss	(135,521)	(2,228,454)
Net foreign exchange (gains)/losses	(38,746)	8,350
Depreciation and amortization	1,251,728	1,135,949
Credit impairment losses/(reversals)	90,598	(130,343)
Impairment losses on other assets	18,582	8,417
	<u>11,575,028</u>	<u>8,378,170</u>
<b>Net changes in operating assets</b>		
Margin accounts	(7,096,210)	(3,333,944)
Financial assets at fair value through profit or loss	14,809,581	(25,927,025)
Cash held on behalf of clients	(28,435,514)	9,930,288
Financial assets held under resale agreements	2,943,254	11,597,580
Other operating assets	1,567,764	(299,580)
	<u>(16,211,125)</u>	<u>(8,032,681)</u>
<b>Net changes in operating liabilities</b>		
Accounts payable to brokerage clients	29,718,265	(8,370,472)
Financial liabilities at fair value through profit or loss	(1,930,773)	(2,015,801)
Financial assets sold under repurchase agreements	(15,618,036)	7,255,416
Placements from banks and other financial institutions	(1,100,000)	(6,800,000)
Other operating liabilities	(4,018,670)	875,227
	<u>7,050,786</u>	<u>(9,055,630)</u>
<b>Net cash inflow/(outflow) from operating activities before tax</b>	2,414,689	(8,710,141)
Income tax paid	(1,349,822)	(1,416,772)
<b>Net cash inflow/(outflow) from operating activities</b>	<u>1,064,867</u>	<u>(10,126,913)</u>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

	Year ended 31 December 2024	2023
<b>Cash flows from investing activities</b>		
Net cash flow from purchase or disposal of financial assets at fair value through other comprehensive income	(15,164,024)	(4,245,943)
Dividend income and interest income received from financial assets at fair value through other comprehensive income	2,380,207	2,668,364
Cash paid for purchase of property, plant and equipment and other assets	(538,839)	(1,077,768)
Other cash flows from investing activities	935	910
<b>Net cash outflow from investing activities</b>	<b>(13,321,721)</b>	<b>(2,654,437)</b>
<b>Cash flows from financing activities</b>		
Cash inflows from perpetual bonds	9,900,000	—
Cash inflows from borrowing activities	27,601,133	8,478,717
Cash inflows from issuing bonds and short-term financing instruments	88,383,770	98,914,799
Cash outflows from dividend distribution to ordinary shareholders	(2,637,276)	(2,094,308)
Cash outflows from distribution to other equity instrument holders	(983,750)	(983,750)
Cash outflows from distribution to subsidiaries' non-controlling equity holders	(10,452)	(7,085)
Repayments of debts	(89,618,248)	(88,612,709)
Repayments of interest on debts	(4,280,432)	(4,061,727)
Repayments of perpetual bonds	(5,000,000)	—
Other cash outflows from financing activities	(729,739)	(794,430)
<b>Net cash inflow from financing activities</b>	<b>22,625,006</b>	<b>10,839,507</b>
<b>Net change in cash and cash equivalents</b>	<b>10,368,152</b>	<b>(1,941,843)</b>
Cash and cash equivalents at the beginning of the year	36,068,227	38,560,954
Effect of exchange rate changes on cash and cash equivalents	(685,174)	(550,884)
<b>Cash and cash equivalents at the end of the year (Note 47 (1))</b>	<b>45,751,205</b>	<b>36,068,227</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

## 1 GENERAL INFORMATION

CSC Financial Co., Ltd. (the “Company”) (formerly known as China Securities Finance Co., Ltd.) is the successor entity of China Securities Finance Limited Liability Company which was approved for establishment by the China Securities Regulatory Commission (the “CSRC”) on 2 November 2005. The original registered capital of the Company was RMB2,700,000,000. The registered address of the Company is Unit 4, No. 66 Anli Road, Chaoyang District, Beijing, the People’s Republic of China (the “PRC”).

The Company received the approval of CSRC on 30 June 2011 to convert into a joint stock company, with registered capital increased to RMB6,100,000,000.

The Company completed its initial public offering of overseas listed foreign shares (“H shares”) on The Stock Exchange of Hong Kong Limited on 9 December 2016. Under this offering, the Company issued a total of 1,076,470,000 new shares with a nominal value of RMB1 per share. On 5 January 2017, the Company issued an additional 69,915,238 H shares through partial exercise of the over-allotment option with a nominal value of RMB1 per share. The registered capital of the Company increased to RMB7,246,385,238 after such issuance. The Company completed the industrial and commercial registration for these changes on 5 June 2017, and obtained its new business license with the Unified Social Credit Code of 91110000781703453H on 9 June 2017.

The Company completed its initial public offering of domestic listed shares (“A shares”) on the Shanghai Stock Exchange on 20 June 2018. The Company issued a total of 400,000,000 shares with a nominal value of RMB1 per share. After this issuance, the share capital of the Company increased to RMB7,646,385,238. The Company completed the registration procedure for its non-public offering of A-shares in the Shanghai branch of China Securities Depository and Clearing Co., Ltd. on 28 December 2020. The Company issued a total of 110,309,559 shares with a nominal value of RMB1 per share. After this issuance, the share capital of the Company increased to RMB7,756,694,797. And the Company completed the registration procedures for the change of business license related to the registered capital on 25 June 2021.

The principal activities of the Company and its subsidiaries (collectively, the “Group”) include securities brokerage, securities investment consultancy, financial advisory relating to securities trading and securities investment activities, securities underwriting and sponsoring, proprietary trading and investment of securities, securities asset management, agency sale of securities investment funds, introducing brokerage for futures companies, margin financing and securities lending services, agency sale of financial products, market-making of stock options, custodian services for securities investment funds, sale of precious metal products, market-making trading business of listed securities, and commodity futures brokerage, financial futures brokerage and asset management, equity investment and corporate management services, investment management, raising and management of investment funds, investment management of equity investment, investment consulting, project consulting.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

## 2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (“IASB”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance (Cap.622).

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments, financial assets/liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, which have been measured at fair value, as further explained in the respective accounting policies below. The consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

### 2.1 Amendments to the accounting standards effective in 2024 and adopted by the Group

- |     |                                |  |
|-----|--------------------------------|--|
| (1) | Amendments to IAS 1            | Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current |
| (2) | Amendments to IFRS 16          | Lease Liability in a Sale and Leaseback  |
| (3) | Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements  |

#### 1) **Amendments to IAS 1: Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current**

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current liabilities that are subject to covenants within 12 months after the reporting period. The adoption of the amendments does not have a significant impact on the Group’s consolidated financial statements.

#### 2) **Amendments to IFRS 16: Lease Liability in a Sale and Leaseback**

The amendments add to the requirements explaining how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right-of-use it retains, including cases with variable lease payments in the leaseback. The adoption of the amendments does not have a significant impact on the Group’s consolidated financial statements.

#### 3) **Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements**

The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity’s liabilities and cash flows and on an entity’s exposure to liquidity risk. The adoption of the amendments does not have a significant impact on the Group’s consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

## 2 BASIS OF PREPARATION (CONTINUED)

- 2.2 Standards and amendments relevant to the Group that are not yet effective and have not been adopted before their effective dates by the Group

The Group has not adopted the following new and amended standards that have been issued but are not yet effective.

			Effective for annual periods beginning on or after
(1)	Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred. Early application of the amendments continues to be permitted.
(2)	Amendments to IAS 21	Lack of Exchangeability	1 January 2025
(3)	Amendments to IFRS 7 and IFRS 9	Classification and Measurement of Financial Instruments	1 January 2026
(4)	IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
(5)	IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

### 1) Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture

These amendments address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognized when a transaction involves a business. A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

### 2) Amendments to IAS 21: Lack of Exchangeability

The amendments specify when a currency is exchangeable into another currency and when it is not, and how an entity determines a spot rate when a currency lacks exchangeability. Under the amendments, entities are required to provide additional disclosures to help users evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

## 2 BASIS OF PREPARATION (CONTINUED)

2.2 Standards and amendments relevant to the Group that are not yet effective and have not been adopted before their effective dates by the Group (Continued)

### 3) Amendments to IFRS 7 and IFRS 9: Classification and Measurement of Financial Instruments

The amendments include requirements on: classification of financial assets with environmental, social or governance (ESG) targets and similar features; settlement of financial liabilities through electronic payment systems; and disclosures regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

### 4) IFRS 18: Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 and aims to improve the transparency and comparability of information about an entity's financial performance. The main changes comprise: a more structured income statement; enhanced disclosure requirements on management-defined performance measures ("MPMs"); and enhanced requirements on aggregation and disaggregation of information. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

### 5) IFRS 19: Subsidiaries without Public Accountability: Disclosures

IFRS 19 allows eligible subsidiaries that does not have public accountability and its parent produces consolidated financial statements that are available for public use under IFRS Accounting Standards to apply IFRS Accounting Standards with reduced disclosures. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

### 2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The accounting policies and accounting period of the Company and its subsidiaries are consistent.

Subsidiaries are all entities (including structured entities) over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When the Group assesses whether it has power over an investee, the Group's voting rights or potential voting rights and other contractual arrangements are considered.

Income or expenses resulted from acquisition or disposal of subsidiaries, from the date on which the Company obtains control to the date on which the Company ceases its control over subsidiaries, are in the scope of consolidation. Intra-group assets and liabilities, equity, income, expenses, and cash flow which are relevant to all intra-group transactions occurred should be eliminated on consolidation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024  
(In RMB thousands, unless otherwise stated)

## 2 BASIS OF PREPARATION (CONTINUED)

### 2.3 Basis of consolidation (Continued)

A portion of equity over subsidiaries and profit or loss which does not belong to the Company should be treated as non-controlling interests. Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position separately from the equity attributable to equity holders of the Company.

## 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

### 3.1 Material accounting policies

#### (1) Accounting period

The accounting year starts on 1 January and ends on 31 December.

#### (2) Functional and presentation currency

The Company's functional and presentation currency is RMB.

Each entity in the Group determines its own functional currency according to its economic situation. The functional currency is denominated in RMB in the consolidated financial statements.

#### (3) Cash and cash equivalents

Cash comprises cash on hand and demand deposits which are not restricted as to use.

Cash equivalents comprise short-term, highly-liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

#### (4) Foreign currency transactions and foreign currency translation

The Group adopts the sub-account system to record foreign currency transactions. Foreign currency transactions are initially recorded on the original currency respectively at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the prevailing functional currency exchange rates at the end of the reporting period. The exchange rate is the central parity rate quoted by the People's Bank of China or authorized bodies. All differences are taken to the consolidated income statement. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.1 Material accounting policies (Continued)

##### (4) Foreign currency transactions and foreign currency translation (Continued)

The assets and liabilities of foreign operation subsidiaries denominated in foreign currencies are translated to RMB at the spot exchange rate at the end of reporting period for consolidated financial statements. The equity items, excluding “retained earnings”, are translated to RMB at the spot exchange rates at the transaction dates. The income and expenses of foreign operation are translated to RMB at the rates that approximate the spot exchange rates. The exchange differences resulting from foreign currency financial statement translation of subsidiaries are recognized in other comprehensive income (“OCI”) and accumulated in the foreign exchange translation reserve. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

##### (5) Financial instruments

###### (a) Initial recognition, classification and measurement of financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

###### *Financial assets*

Financial assets are classified on the basis of the Group’s business model for managing the assets and the cash flow characteristics of the assets in the following measurement categories: (i) Amortized cost; (ii) Fair value through other comprehensive income (“FVOCI”); (iii) Fair value through profit or loss (“FVPL”).

Business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group’s objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of “other” business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset’s performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.1 Material accounting policies (Continued)

##### (5) Financial instruments (Continued)

###### (a) Initial recognition, classification and measurement of financial instruments (Continued)

###### *Financial assets (Continued)*

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic leading risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The classification requirements for debt instruments assets and equity instruments assets are described as below:

###### Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as government bonds, corporate bonds and subordinated bonds. Classification and subsequent measurement of debt instruments depend on: (i) the Group's business model for managing the asset; and (ii) the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- (i) Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI and that are not designated as at FVPL, are measured at amortized cost.
- (ii) Fair value through other comprehensive income: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI and that are not designated as at FVPL, are measured at FVOCI.
- (iii) Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.1 Material accounting policies (Continued)

##### (5) Financial instruments (Continued)

###### (a) Initial recognition, classification and measurement of financial instruments (Continued)

###### *Financial assets (Continued)*

###### Debt Instruments (Continued)

At initial recognition, the Group may also irrevocably designate financial assets at fair value through profit or loss if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

###### Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at FVPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns.

###### *Financial liabilities*

Financial liabilities are classified as subsequently measured at amortized cost, except for financial liabilities at FVPL, which is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition.

Contingent liabilities recognized by buyers should be measured as FVPL under business combination for entities owned by different ultimate shareholders.

An entity may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss: (i) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch'); (ii) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.1 Material accounting policies (Continued)

##### (5) Financial instruments (Continued)

###### (b) Reclassification of financial assets

When the Group changes its business model for managing financial assets, it shall reclassify all affected financial assets, and apply the reclassification prospectively from the reclassification date. The Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest. Reclassification date is the first day of the first reporting period following the change in business model that results in the Group reclassifying financial assets.

###### (c) Subsequent measurement of financial instruments

Subsequent measurement of financial instruments depends on the categories:

###### *Amortized cost*

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition: (i) minus the principal repayments; (ii) plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and; (iii) for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses ("ECL") and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate. For purchased or originated credit-impaired ("POCI") financial assets, the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortized cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

## 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 3.1 Material accounting policies (Continued)

#### (5) Financial instruments (Continued)

##### (c) Subsequent measurement of financial instruments (Continued)

###### *Amortized cost (Continued)*

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for: (i) POCI financial assets, whose interest income is calculated, since initial recognition, by applying the credit-adjusted effective interest rate to their amortized cost; and (ii) financial assets that are not POCI but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortized cost (i.e. net of the expected credit loss allowance). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their gross carrying amount.

###### *Fair value through other comprehensive income*

###### Debt instruments

Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss.

###### Equity instruments

The equity instrument investments that are held for purposes other than to generate investment returns are designated as FVOCI. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, continue to be recognized in profit or loss when 1) the Group's right to receive payments is established, 2) it is probable that future economic benefits associated with the item will flow to the Group, 3) the amounts of the dividends can be measured reliably.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.1 Material accounting policies (Continued)

##### (5) Financial instruments (Continued)

###### (c) Subsequent measurement of financial instruments (Continued)

*Financial assets at fair value through profit or loss*

Debt instruments

A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the profit or loss statement within “Net investment gains” in the period in which it arises.

Equity instruments

Gains and losses on equity investments at FVPL are included in the “Net investment gains” in the consolidated income statement.

*Financial liabilities at fair value through profit or loss*

Financial liabilities at FVPL are measured at fair value with all gains or losses presented in profit or loss. Gains or losses arising from the financial liabilities designated at FVPL should be treated in accordance with the following provisions: (i) the amount of changes in the fair value of the financial liabilities caused by changes in the Group’s own credit risk should be included in other comprehensive income; (ii) Other changes in fair value of the financial liabilities are recognized in profit or loss. If the treatment of the impact of changes in the credit risk of the financial liabilities in accordance with (i) would cause or expand accounting mismatches in profit or loss, the Group shall include all gains or losses (including the amount affected by changes in its own credit risk) of the financial liabilities in profit or loss.

###### (d) Fair value of financial instruments

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.1 Material accounting policies (Continued)

##### (5) Financial instruments (Continued)

###### (d) Fair value of financial instruments (Continued)

The fair values of quoted financial assets and financial liabilities in active markets are based on current bid prices and ask prices, as appropriate. If there is no active market, the Group establishes fair value by using valuation techniques. These include the use of market approach, income approach and cost approach. When using valuation techniques, unobservable market inputs would not be used unless relevant observable inputs are not available or not practicable to access.

Default Valuation Adjustments (DVA) are applied to the Group's financial liabilities at fair value through profit or loss, and assumes that DVA stay the same before and after the transfer of the liability. DVA refer to risk that enterprises fail to perform the obligation, including but not limited to their own credit risk.

The Group uses the following hierarchy for determining and disclosing the fair values of financial assets and financial liabilities based on the inputs used when determining the fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Valuation technique using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuation technique using inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The level of fair value measurement depends on the lowest level of input that is significant to the entire fair value measurement.

###### (e) Impairment of financial assets

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortized cost and FVOCI.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.1 Material accounting policies (Continued)

##### (5) Financial instruments (Continued)

###### (e) Impairment of financial assets (Continued)

ECL is the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

The Group measures the ECL of a financial instrument reflects: (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (ii) the time value of money; and (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For financial instruments whose impairment losses are measured using the ECL model, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognize their ECL, as follows:

Stage 1: The Group measures the loss allowance for a financial instrument at an amount equal to the next 12 months ECL if the credit risk of that financial instrument has not increased significantly since initial recognition.

Stage 2: The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk of that financial instrument has increased significantly since initial recognition, but is not yet deemed to be credit-impaired.

Stage 3: The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the financial instrument is credit-impaired.

The Group applies the impairment requirements for the recognition and measurement of expected credit loss allowance for debt instruments that are measured at FVOCI. The loss allowance is recognized in OCI and the impairment loss is recognized in profit or loss, and it should not reduce the carrying amount of the financial asset in the statement of financial position.

The Group has measured the loss allowance for a financial instrument at an amount equal to the lifetime ECL in the previous reporting period, but determines to measure it at an amount equal to the next 12 months ECL at the current reporting date since the credit risk of that financial instrument has increased significantly since initial recognition is no longer met, and the amount of ECL reversal is recognized in profit or loss, except for POCI financial assets.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

## 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 3.1 Material accounting policies (Continued)

#### (5) Financial instruments (Continued)

##### (f) *Derivative financial instruments*

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Derivatives are recognized as assets when the fair value is positive and as liabilities when the fair value is negative.

The changes on fair value of derivative financial instruments are directly recognized in the consolidated income statement. The difference between fair value and carrying amount is recognized as investment income when disposing.

##### (g) *Derecognition of Financial Instruments*

A financial asset is derecognized, when one of the following criteria is satisfied: (i) the contractual rights to receive cash flows from the assets have expired; (ii) the Group has transferred substantially all the risks and rewards of ownership of the financial asset; (iii) the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has not retained control.

When equity financial assets designated as at FVOCI are derecognized, the cumulative gain or loss previously recognized in OCI is reclassified to retained earnings. When other financial assets are derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "Net investment gains".

A financial liability is derecognized when it is wholly or partly extinguished, that is when the obligation is wholly or partly discharged. Fair value gains and losses are charged to profit or loss. When financial liabilities designated as at FVPL are derecognized, cumulative gains and losses are subsequently reclassified from other comprehensive income to retained earnings.

##### (h) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a current legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Otherwise, financial assets and financial liabilities are reported separately.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.1 Material accounting policies (Continued)

##### (6) Leases

###### (a) Initial measurement of the right-of-use asset and lease liability

###### *Initial measurement of the right-of-use asset*

The right-of-use asset is defined as the right of underlying assets in the lease term for the Group as a lessee. The lease term is defined as the non-cancellable period of the lease for the Group as a lessee.

At the commencement date, a lessee shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- (i) the amount of the initial measurement of the lease liability;
- (ii) any lease payments made at or before the commencement date, less any lease incentives received;
- (iii) any initial direct costs incurred by the lessee; and
- (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, 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.

Initial direct costs are defined as incremental costs. Incremental costs would not have been incurred if a lease had not been obtained.

###### *Initial measurement of the lease liability*

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date.

The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The lessee uses as the discount rate the interest rate implicit in the lease – this is the rate of interest that causes the present value of lease payments and the unguaranteed residual value to equal the sum of the fair value of the underlying asset and any initial direct costs of the lessor.

The incremental borrowing rate is defined as the rate of interest that a lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

## 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 3.1 Material accounting policies (Continued)

#### (6) Leases (Continued)

##### (b) Subsequent measurement of the right-of-use asset and lease liability

###### *Subsequent measurement of the right-of-use asset*

At the commencement date, the Group as a lessee shall measure the right-of-use asset at cost and apply the depreciation requirements in IAS 16 *Property, Plant and Equipment* in depreciating the right-of-use asset. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

###### *Subsequent measurement of the lease liability*

After the commencement date, the Group shall recognise interest on the lease liability in profit or loss. Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

##### (c) Recognition of short-term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months from the commencement date or less. Leases of low value assets are the underlying assets are of low value when new. The right-of-use asset and lease liability are not recognized by the Group for short-term leases and leases of low value assets.

#### (7) Reverse repurchase agreements and financial assets sold under repurchase agreements

Financial assets transferred as collateral in connection with repurchase agreements, involving fixed repurchase dates and prices, are not derecognized. They continue to be recorded as original financial assets before transferred. The corresponding liability is included in financial assets sold under repurchase agreements.

Consideration paid for financial assets held under agreements to resell are recorded as reverse repurchase agreements, the related collateral accepted is not recognized in the consolidated financial statements.

The difference between the purchase and resale consideration, and that between the sale and repurchase consideration, is amortized over the period of the respective transaction using the effective interest method and is recognized through profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.1 Material accounting policies (Continued)

##### (8) Margin financing and securities lending services

Margin financing and securities lending services refer to the lending of funds by the Group to clients for purchase of securities, or lending of securities by the Group to clients for securities selling, for which the clients provide the Group with collateral.

The Group recognizes margin accounts at initial recognition, and recognizes interest income accordingly. Securities lent are not derecognized, but still accounted for as the original financial assets, and interest income is recognized accordingly.

Securities trading on behalf of margin financing and securities lending clients are accounted for as securities brokerage services.

##### (9) Fiduciary wealth management

The Group's fiduciary wealth management business includes targeted asset management, collective asset management and specified asset management. The Group keeps separate accounting records for each of these investment schemes, and periodically reconciles the accounting and valuation results of each scheme with the custodians.

##### (10) Associates

Associates are all entities 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.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates.

##### (11) Investment properties

Investment properties comprise real estate properties for the purpose of earning rental income and/or for capital appreciation, including buildings that have been leased out.

The Group's investment properties are accounted for using the cost model. The initial recognition and subsequent measurement of buildings and properties that are leased out are accounted for using the same measurement and depreciation methods as those for property, plant and equipment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.1 Material accounting policies (Continued)

##### (12) Property, plant and equipment

###### (a) Recognition criteria for property, plant and equipment

Property, plant and equipment refer to tangible assets held and controlled by the Group that the Group expects to use for more than one year for using in the supply of services or for administrative purpose. An asset is recognized as property, plant and equipment only if the following criteria are both satisfied:

- (i) It is highly probable that future economic benefits associated with the property, plant and equipment will flow to the Group;
- (ii) The cost of the asset can be measured reliably.

###### (b) Property, plant and equipment initially measured at cost

Cost of an item of purchased property, plant and equipment comprises purchase price, tax and any costs directly attributable to bringing the asset to the condition necessary for its intended use and it includes transportation costs, installation and assembly costs, and professional service fees.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance expenditure are recognized in the profit or loss as incurred. Depreciation of property, plant and equipment is calculated on the straight-line basis monthly.

Estimated useful life, depreciation rate and estimated residual value of each item of property, plant and equipment which are required by the operation of the Group are as follows:

Types of property plant and equipment	Estimated useful life	Monthly depreciation rate	Estimated residual value
Properties and buildings	35 years	2.262%	5%
Electronic devices	2 to 5 years	1.667% – 4.167%	0%
Transportation vehicles	5 years	1.617%	3%
Communication equipment	5 years	1.617%	3%
Office equipment	3 years	2.778%	0%
Security equipment	5 years	1.617%	3%
Others	5 years	1.617%	3%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.1 Material accounting policies (Continued)

##### (12) Property, plant and equipment (Continued)

###### (b) Property, plant and equipment initially measured at cost (Continued)

The years that the property, plant and equipment were already in use were excluded when determining the estimated useful lives of these types of the property, plant and equipment. The estimated useful life, the estimated residual value and the depreciation method of each type of the property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end. Gains and losses on disposal of property, plant and equipment, the costs of disposal and taxes in connection with such disposal are considered in the determination of the estimated residual value.

###### (c) Construction in progress

Costs of construction in progress are determined based on the actual expenditure incurred which include all necessary expenditure incurred during the construction period, borrowing costs eligible for capitalization and other costs incurred to bring the asset to its intended use. Items classified as construction in progress are transferred to property, plant and equipment when such assets are ready for their intended use.

##### (13) Intangible assets

Intangible assets are recognized only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably, and measured initially at cost. Intangible assets acquired from business combination and their fair value can be measured reliably are recognized as intangible assets individually and measured at their fair value as at date of combination.

Useful lives of intangible assets are determined as the period that the assets are expected to generate economic benefits for the Group, and when there is no foreseeable limit on the period of time over which the asset is expected to generate economic benefits for the Group, the intangible assets are regarded as having indefinite useful life.

Intangible assets with finite useful lives shall be amortized on a straight-line basis over the useful period. The useful lives and amortization method of the intangible assets with finite useful lives shall be reviewed by the Group at least at each financial year end, and adjusted as appropriate. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless there is a commitment by a third party to purchase the asset at the end of its useful life, or there is an active market for the asset, where residual value can be determined by reference to that market; and it is probable that such a market will exist at the end of the asset's useful life.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

## 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 3.1 Material accounting policies (Continued)

#### (13) Intangible assets (Continued)

Trading seat rights at Shanghai and Shenzhen Stock Exchanges are amortized over 10 years (subject to any changes in industry rules subsequently issued) and charged to the consolidated income statement. Outsourcing software is amortized over 5 years. Self-developed software, patents, non-patents, trade mark right, client relationship and other intangible assets are amortized over their useful lives.

Intangible assets with indefinite useful lives need to be assessed for impairment no matter if there is any impairment evidence. These assets need not to be amortized, and their useful lives shall be reviewed during every accounting period. If there is any evidence to support that the useful lives are definite, these intangible assets shall apply the policies of intangible assets with definite useful lives.

#### (14) Long-term pre-paid expense

Improvement expenses on property, plant and equipment under operating leases are amortized on a straight-line basis over the shorter of the contractual lease terms and 5 years, while long-term pre-paid expenses are amortized on a straight-line basis over their respective benefit periods but no longer than 10 years.

#### (15) Revenue

An entity should determine at contract inception whether control of a good or service is transferred over time or at a point in time. The determination should depict the transfer of benefits to the customer and should be evaluated from the customer's perspective.

An entity should first assess whether the performance obligation is satisfied with the following criteria over time. If not, the good or service transfers at a point in time.

- (i) The customer concurrently receives and consumes the benefits provided by the entity's performance as the entity performs.
- (ii) The entity's performance creates or enhances a customer-controlled assets.
- (iii) The entity's performance does not create an asset with an alternative use and the entity has a right to payment for performance completed to date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.1 Material accounting policies (Continued)

##### (15) Revenue (Continued)

Where performance of a single service contract takes place over time, revenue should be recognized as performance takes place, excluding the stage of performance cannot be determined.

An entity that cannot reasonably measure the outcome of a performance obligation, but expects to recover the costs incurred, should recognize revenue only to the extent of the cost until a reliable measure of progress can be made.

An entity will recognize revenue at a point in time (when control transfers) for performance obligation that meet the criteria for recognition of revenue at a point in time:

- Revenue from underwriting services is recognized when the control of the underwriting services is provided to the client. The revenue is usually recognized upon completion of the offering.
- Revenue from the securities brokerage services is recognized on the date of the securities transaction.
- Revenue from asset management services is recognized when management services are provided in accordance with the asset management contract.
- Revenues from other businesses, including investment banking advisory and sponsoring services are recognized when the contractual obligations are fulfilled.

Interest income of debt investments of the Group at amortized costs and FVOCI, is measured by carrying amount and effective interest rate. Interest income of credit impaired financial assets are measured by amortized cost and effective interest rate. Net gains of holding period from financial investments at FVPL is measured as “Net investment gains”.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

## 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 3.1 Material accounting policies (Continued)

#### (16) Income tax

Income tax comprises current tax and deferred income tax. Current tax is the amount of current income tax payable calculated based on current taxable income. Taxable income is calculated based on the adjustment to the current year pre-tax accounting profit according to the applicable tax laws.

For current income tax liabilities or current income tax assets generated from the current and prior periods, the expected income tax payable or the income tax deduction is calculated according to the applicable tax laws.

The Group measures deferred income tax using the liability method on temporary differences arising between the carrying amount and the respective tax base of assets, liabilities or items that have not been recognized as assets and liabilities but whose tax base can be determined according to tax laws and regulations at the end of the reporting period.

All taxable temporary differences are recognized as deferred income tax liabilities, except:

- (i) The deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses and does not give rise to equal taxable and deductible temporary differences; and
- (ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.1 Material accounting policies (Continued)

##### (16) Income tax (Continued)

Deferred income tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized, except:

- (i) The deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses and does not give rise to equal taxable and deductible temporary differences; and
- (ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. When it is virtually probable that sufficient taxable income will be available, the reduced amount will be reversed accordingly.

Deferred tax assets and liabilities are offset:

- (i) when there is a legally enforceable right to set off deferred tax assets against deferred tax liabilities; and
- (ii) when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.1 Material accounting policies (Continued)

##### (17) Employee compensation

Employee compensation refers to all forms of consideration and other related expenditure given or incurred by the Group in exchange for services rendered by employees or compensate for the termination of labour contract. The compensation payable is recognized as liability in the accounting period of services provided by employee. The employee compensation comprises of short-term compensation, post-employment welfare, termination benefits, and other long-term employee welfares.

Short-term compensation comprises of staff salaries, bonus, allowances, and subsidies, as well as social insurance expenses including employee welfare, medical insurance charge, work-related injury insurance charge, and maternity insurance and also covers housing funds, labour union expenses, personnel education expenses, short-term paid leave, short-term profit-sharing plan, non-monetary welfare and other short-term compensations.

Post-employment welfare plans refer to agreements reached with employees or policies and measures established by the Group in relation to post-employment welfare. The defined contribution plans refer to post-employment welfare plans in which the Group pays contribution to an independent fund and the Group has no further payment obligation.

##### (18) Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the Group receives grants of monetary assets, the grants are recorded at the amount received or receivable. Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets. When fair value cannot be reliably measured, they are recognized at nominal amount.

Government grants for purchasing, building or forming long-term assets in other methods stipulated in government documents are recognized as government grants related to assets. Judgements should be made based on the necessary basic conditions for obtaining the government grants when government documents are unclearly stated. Government grants with purchasing, building or forming long-term assets in other methods as basic condition are recognized as government grants related to assets, whereas the other grants are related to income.

Government grants related to income which are to compensate relevant expenditures or losses in future periods are recognized as deferred income and released into the consolidated income statement during the period when the expense incurs. Government grants that are to compensate the incurred expenses or losses are recognized into profit or loss directly. Government grants related to assets are recognized as deferred income, and released to profit or loss over the expected useful life of the relevant assets by equal annual instalments. Government grants measured at nominal amount are recorded in the consolidated income statement directly.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.1 Material accounting policies (Continued)

##### (19) Impairment

The Group assesses impairment of assets other than deferred tax assets and financial assets as follows:

The Group assesses at each financial reporting date whether there is any indication that assets are impaired. When any such indication exists, the Group estimates the recoverable amount and assesses impairment allowance. For goodwill acquired from business combination and intangible assets with indefinite useful life, no matter there is objective evidence of impairment or not, impairment should be assessed at each annual financial reporting date. Impairment for intangible assets not readily for use is also assessed annually.

The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of the estimated future cash flow expected to be derived from the asset. The Group estimates the recoverable amount on the basis of individual asset. When it is difficult to estimate the recoverable amount individually, the recoverable value of the cash generating units which the asset belongs to will be estimated. The recognition of a group of assets shall base on whether the main cash flow generated by the group of assets is independent from those generated by other assets or groups of assets.

When recoverable amounts of assets or groups of assets are lower than their carrying amounts, the Group reduces the carrying amount to recoverable amount. The reduced amounts are recognized in the consolidated income statement and corresponding allowances are made.

For impairment test of goodwill, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units when being unable to be allocated to each of the cash-generating units. Cash-generating units or groups of cash-generating units refer to those that can benefit from the synergies of the combination and are not larger than the reportable segment determined by the Group.

When performing impairment test for the (groups of) cash-generating unit to which goodwill is allocated, if there is indication of impairment, the Group firstly tests the (groups of) cash-generating unit excluding goodwill, calculates the recoverable amount and recognizes relevant impairment losses. The Group then tests the (groups of) cash-generating units including goodwill, and compares the carrying amount and recoverable amount. If the carrying amount exceeds the recoverable amount, the amount of impairment loss is firstly deducted from the carrying amount of goodwill allocated to the (groups of) cash-generating unit, and then from the carrying amount of each of other assets (other than goodwill) within the (groups of) cash-generating unit, on pro rata basis.

Once the loss of impairment of the above-mentioned assets has been recognized, it will not be reversed in the future accounting period.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.1 Material accounting policies (Continued)

##### (20) 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.

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

OR

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.1 Material accounting policies (Continued)

##### (21) Contingencies

The obligation pertinent to contingencies shall be recognized as provisions when the following conditions are satisfied concurrently:

- the obligation is a present obligation of the Group;
- the obligation is probable to cause a future outflow of resources from the Group as a result of performance of the obligation; and
- the amount of the obligation can be reliably measured.

The amount of a provision is initially measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation. To determine the best estimate, the Group takes into full consideration of risks, uncertainty, time value of money and other factors pertinent to the contingencies. The Group reviews the book value of the provisions at each balance sheet date. If there is substantial evidence that the amount of provisions cannot reflect the current best estimate, the Group will adjust the amount in accordance with the current best estimate.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or, a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

##### (22) Perpetual bonds

Perpetual bonds issued by the Group, which satisfied with the following criteria are classified as equity instruments: (i) Financial instruments exclude those are settled on a net basis in cash (or other financial assets); (ii) Financial instruments must or can be settled on own equity: (a) For non-derivative contracts, they exclude those are settled gross by delivery of a variable number of own shares; (b) Derivative contracts that result in the delivery of a fixed amount of cash or other financial assets for a fixed number of an entity's own equity instruments.

Dividends for the perpetual bonds, which are classified as equity instruments, are accounted for as profit distribution.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

## 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 3.1 Material accounting policies (Continued)

#### (23) Profit distribution

After-tax profit for the year is firstly applied to make up for the losses of previous years. Secondly, the Company sets aside 10% of after-tax profit for a statutory surplus reserve, 10% of after-tax profit for a general risk reserve, and according to the requirements of the CSRC, sets aside 10% of after-tax profit for a transaction risk reserve. In addition, with the approval from the Annual General Meeting, the Company may appropriate certain proportions of net profit for a discretionary surplus reserve after setting aside the statutory surplus reserve. The remaining after-tax profit is distributed according to the resolution approved at the General Meeting. If the aggregate balance of the statutory reserve has reached 50% of the Company's registered capital, appropriation for the statutory reserve is no longer mandatory.

General risk reserve and transaction risk reserve sets aside by the Company are used to make up for any losses arising from securities transactions. The Company's reserve funds are used to make up for any losses of the Company, expand the Company's business or as additional capital of the Company. However, capital reserve cannot be used to make up for the Company's losses. When the statutory reserve funds are converted to capital, the balance of the statutory reserve funds cannot be less than 25% of the Company's registered capital.

Dividends proposed by the directors are not deducted from equity, until they have been approved by the General Meeting. When these dividends have been approved by the General Meeting, they are recognized as a liability and deducted from equity.

### 3.2 Significant accounting judgements and estimates

On the balance sheet date, during the preparation of the Group's financial statements, management will make judgements, estimates and assumptions about the impact of future uncertainties on revenue, expenses, assets and liabilities, and disclosure of contingent liabilities. At the end of the reporting period, management made the following judgements and main assumptions on major future uncertainties, which might lead to adjustments in the book value of assets and liabilities.

#### (1) Measurement of the expected credit loss allowance

The measurement of the expected credit loss ("ECL") allowance for debt instruments, including investments in financial assets measured at amortized cost and FVOCI is an area that requires the use of models and assumptions about future economic conditions and credit behavior of the client (such as the likelihood of customers defaulting and the resulting losses).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.2 Significant accounting judgements and estimates (Continued)

##### (1) Measurement of the expected credit loss allowance (Continued)

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Selection of the appropriate models and determination of relevant key measurement parameters;
- Criteria for determining whether or not there was a significant increase in credit risk, or a default or impairment loss was incurred;
- Determination of forward-looking measurements and weightings; and
- The estimated future cash flows for the financial assets classified under Stage 3.

##### ***Inputs, assumptions and estimation techniques***

ECL are the discounted product of probability of default having considered the forward-looking impact, exposure at default, and loss given default.

##### ***Forward – looking information incorporated in the ECL model***

A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. The assessment of SICR and the calculation of ECL both incorporated forward-looking information. The Group has performed historical data and identified the key economic variables impacting credit risk and ECL for each financial instrument portfolio. These economic variables and their associated impact on the probability of default (“PD”) vary by product type. The impact of these economic variables on the PD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates.

Details of the significant accounting judgements and estimates above please refer to Note 53.1.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.2 Significant accounting judgements and estimates (Continued)

##### (2) Classification of financial assets

When the Group determines the classification of financial assets, a number of significant judgements in the business model and the contractual cash flow characteristics of the financial assets are required. Factors considered by the Group in determining the business model for a group of financial assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

When the Group assesses whether the contractual cash flows of the financial assets are consistent with basic lending arrangements, the main judgements are described as below: whether the principal amount may change over the life of the financial asset (for example, if there are prepayment of principal); whether the interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin and cost, associated with holding the financial asset for a particular period of time.

##### (3) Fair Value of financial instruments

For financial instruments where there is a lack of active market, the Group uses valuation methods to determine its fair value. Valuation methods include referring to the transaction price determined when fair transactions are conducted between economic entities with complete information and willingness to buy and sell in the market, referring to the fair value of another similar financial instrument in the market, or using discount cash flow analysis and option pricing model to estimate. Valuation methods maximize the use of observable market information. However, when observable market information is unavailable, management will estimate the significant non-observable information included in the valuation methods.

##### (4) Income tax

The Group needs to make a judgement on future tax treatment of certain transactions to confirm income tax. In accordance with relevant tax regulations, the Group carefully evaluates the impact of income tax on transactions and accordingly calculates income tax. The deferred income tax assets can only be recognized when there is a possibility of future taxable profits and can be used to offset the temporary differences. This requires a major judgement on the tax treatment of certain transactions and a significant estimate of the possibility of having sufficient future taxable profits to offset deferred income tax assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.2 Significant accounting judgements and estimates (Continued)

##### (5) Consolidation of structured entities

Management needs to make significant judgements on whether to control and consolidate structured entities, confirming whether it will affect accounting treatment and the financial situation and operating results of the Group.

In assessing control, the Group needs to consider: 1) the power of the investor to the investee; 2) the variable return enjoyed by the investee in the relevant activities; and 3) the ability to use the power of the investee to influence the amount of its return. If one or more of the three control elements mentioned above change, the Group will reassess whether control still exists.

In judging whether the Group controls the structured entities, it also needs to consider whether the Group's decision-making behavior is carried out as a principal or as an agent. Considerations usually include the scope of decision-making power of the Group to the structured entities, the substantive rights enjoyed by other parties, the level of remuneration of the Group, and the risk that the Group bears variable returns for holding other interests of the structured entities.

### 4 TAXATION

According to relevant PRC tax policies, the most significant categories of taxes to which the Group is currently subjected are as follows:

#### (1) Income tax

From 1 January 2008, the "Enterprise Income Tax Law of the PRC" and the "Regulations on the Implementation of Enterprise Income Tax Law of the PRC" became effective for the Company. Income tax computation and payment are governed by the "Announcement of the State Administration of Taxation on Printing and Distributing Administrative Measures for Collection of Consolidated Payments of Enterprise Income Tax by Enterprises with Multi-Location Operations" (Public Notice of the State Administration of Taxation [2012] No. 57). The PRC Enterprise income tax rate applicable to the Company is 25%.

Subsidiaries shall be charged at the applicable tax rate based on their tax residency status and preferential tax policies.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 4 TAXATION (CONTINUED)

(2) Value added tax

Pursuant to the “Circular regarding the Comprehensive Implementation of the Pilot Programs for Transformation from Business Taxes to Value-added Taxes (the “VAT Pilot Programs”)” (Cai Shui [2016] No. 36), the “Circular regarding Further Clarification of Relevant Policies Applicable to the Financial Sector in the Comprehensive Implementation of the VAT Pilot Programs (Cai Shui [2016] No. 46), the “Supplementary Circular regarding VAT Policies Applicable to Transactions between Financial Institutions” (Cai Shui [2016] No. 70) issued by the MOF and the SAT of the PRC, effective from 1 May 2016, the Group is subject to value-added taxes on its income from principal businesses at 6%.

In accordance with the “Circular regarding the Value-added Taxes Policies for Financial, Real Estate Development and Education Ancillary and Other Services” (Cai Shui [2016] No. 140), the “Supplementary Circular regarding Issues concerning Value-added Taxes Policies for Asset Management Products” (Cai Shui [2017] No. 2) and the “Circular on the Relevant Issues concerning Value-added Tax Levied on Asset Management Products” (Cai Shui [2017] No. 56), the Group shall pay VAT at rate of 3% for related asset management taxable activities undertaken after 1 January 2018 as the manager of asset management products.

(3) Urban maintenance and construction taxes, educational surcharges and local educational surcharges are charged at 7%/5%/1%, 3% and 2% of the actual payment of the turnover tax, respectively.

(4) Vehicle and vessel taxes, property taxes and stamp duties are levied in accordance with the provisions of the relevant tax laws and regulations.

### 5 OPERATING SEGMENT INFORMATION

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 engaged in the following activities.

Investment banking segment: provides investment banking services, including financial advisory, sponsoring, underwriting of equity and debt securities.

Wealth management segment: serves as a brokerage agent for corporate and personal clients in the trading of equity stocks, funds, bonds and futures; and provides margin financing and securities lending services to these clients.

Trading and institutional client services segment: engages in trading of financial products; serves as a brokerage agent for institutional clients (financial institutions) in the trading of equity stocks, funds and bonds, and provides them with margin financing and securities lending; provides services in relation to sales of financial products to institutional clients, and provides specialized research and advisory services to assist their investment decision-making.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 5 OPERATING SEGMENT INFORMATION (CONTINUED)

Asset management segment: develops asset management products, fund management products services, and private placement offerings, and provides related services through subsidiaries and consolidated structured entities.

Other segment: primarily commodity trading and the treasury function from the head office.

Management monitors the performance and results of these operating segments for considerations of resource allocation and operating decision-making.

Income taxes are managed as a whole and are not allocated to operating segments.

	Year ended 31 December 2024					
	Investment banking	Wealth management	Trading and institutional client services	Asset management	Others	Total
Segment revenue and other income						
Fee and commission income	2,677,265	5,785,384	3,529,558	1,343,745	–	13,335,952
Interest income	–	4,502,037	3,425,317	1,415	754,022	8,682,791
Net investment gains	–	–	7,792,382	(64,663)	–	7,727,719
Other income	102	78,498	41,413	6,871	2,342,882	2,469,766
Total revenue and other income	2,677,367	10,365,919	14,788,670	1,287,368	3,096,904	32,216,228
Segment expenses	(2,193,156)	(7,899,912)	(10,029,416)	(719,219)	(2,692,605)	(23,534,308)
Including: Interest expenses	–	(1,548,424)	(6,085,841)	(31,161)	(231,575)	(7,897,001)
Credit impairment (losses)/reversals	(951)	(144,508)	57,448	275	(2,862)	(90,598)
Impairment losses on other assets	–	–	–	–	(18,582)	(18,582)
Operating profit	484,211	2,466,007	4,759,254	568,149	404,299	8,681,920
Share of profits of associates	–	–	–	–	8,318	8,318
Profit before income tax	484,211	2,466,007	4,759,254	568,149	412,617	8,690,238
Income tax expense						(1,454,710)
Net profit for the year						7,235,528
Total assets	1,538,234	140,463,263	375,729,670	5,377,975	43,309,076	566,418,218
Total liabilities	1,688,513	113,626,052	325,152,645	2,785,305	16,646,753	459,899,268
Other segment information:						
Depreciation and amortization	163,077	410,824	495,443	63,708	118,676	1,251,728
Capital expenditure	66,949	179,485	209,441	35,599	47,365	538,839

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 5 OPERATING SEGMENT INFORMATION (CONTINUED)

	Year ended 31 December 2023					
	Investment banking	Wealth management	Trading and institutional client services	Asset management	Others	Total
Segment revenue and other income						
Fee and commission income	5,022,410	4,803,428	3,262,649	1,314,165	–	14,402,652
Interest income	–	4,857,335	4,481,188	17,869	761,506	10,117,898
Net investment gains	–	–	6,688,875	152,869	–	6,841,744
Other income	6,180	135,343	92,873	16,978	2,365,764	2,617,138
Total revenue and other income	5,028,590	9,796,106	14,525,585	1,501,881	3,127,270	33,979,432
Segment expenses	(4,170,546)	(7,494,628)	(10,362,593)	(824,429)	(2,762,840)	(25,615,036)
Including: Interest expenses	–	(2,068,733)	(6,243,787)	(38,331)	(55,227)	(8,406,078)
Credit impairment reversals/(losses)	3,717	(73,229)	228,393	2,607	(31,145)	130,343
Impairment losses on other assets	–	–	–	–	(8,417)	(8,417)
Operating profit	858,044	2,301,478	4,162,992	677,452	364,430	8,364,396
Share of profits of associates	–	–	–	–	7,373	7,373
Profit before income tax	858,044	2,301,478	4,162,992	677,452	371,803	8,371,769
Income tax expense						(1,324,423)
Net profit for the year						7,047,346
Total assets	1,809,073	127,826,266	355,062,835	5,510,079	32,543,935	522,752,188
Total liabilities	2,304,031	108,625,851	304,870,614	2,901,357	6,523,928	425,225,781
Other segment information:						
Depreciation and amortization	272,393	303,296	439,189	66,148	54,923	1,135,949
Capital expenditure	262,423	290,643	429,161	56,510	39,031	1,077,768

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 6 FEE AND COMMISSION INCOME

	Year ended 31 December	
	2024	2023
Brokerage services income	8,673,494	7,489,171
Investment banking income	2,677,265	5,022,410
Asset and fund management income	1,343,745	1,314,165
Others	641,448	576,906
Total	13,335,952	14,402,652

### 7 INTEREST INCOME

	Year ended 31 December	
	2024	2023
Deposits in financial institutions	3,079,531	3,286,574
Margin financing and securities lending	3,069,630	3,768,604
Financial assets at fair value through other comprehensive income	2,132,995	2,411,027
Financial assets held under resale agreements	365,826	533,670
Others	34,809	118,023
Total	8,682,791	10,117,898

### 8 NET INVESTMENT GAINS

	Year ended 31 December	
	2024	2023
Net gains from financial assets at fair value through profit or loss	9,366,893	4,267,903
Dividend income from financial assets at fair value through other comprehensive income	66,315	5,783
Net gains from disposal of financial assets at fair value through other comprehensive income	405,217	366,466
Net losses from financial liabilities at fair value through profit or loss	(1,579,571)	(85,367)
Net (losses)/gains from derivatives	(599,622)	2,272,109
Net gains attributable to other interest holders of consolidated structured entities	68,487	14,850
Total	7,727,719	6,841,744

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 9 OTHER INCOME

	Year ended 31 December	
	2024	2023
Income from bulk commodity trading	2,111,376	2,265,911
Government grants	97,923	120,277
Net gains on foreign exchange	75,117	54,903
Rental income	14,093	15,837
Gains on disposal of property, plant and equipment	159	2,009
Others	171,098	158,201
Total	2,469,766	2,617,138

### 10 EXPENSES

	Year ended 31 December	
	2024	2023
<b>Fee and commission expenses:</b>		
Brokerage expenses	2,855,858	1,926,027
Investment banking expenses	186,862	225,987
Others	152,034	180,538
Total	3,194,754	2,332,552
<b>Interest expenses:</b>		
Bonds in issue	3,377,612	3,048,471
Financial assets sold under repurchase agreements	2,676,615	2,810,754
Short-term financing instruments payable	840,143	869,143
Accounts payable to brokerage clients	472,476	745,782
Placements from banks and other financial institutions	318,313	608,260
Lease liabilities	48,046	59,126
Borrowings	45,352	28,400
Others	118,444	236,142
Total	7,897,001	8,406,078
<b>Staff costs (including directors' and supervisors' remuneration):</b>		
Staff salaries	4,567,689	6,222,859
Contributions to defined contribution schemes (i)	723,977	690,493
Other social benefits	739,508	763,550
Others	277,681	295,688
Total	6,308,855	7,972,590

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 10 EXPENSES (CONTINUED)

- (i) Retirement benefits are included, and their nature is described below:

Full-time employees of the Group in Mainland China are covered by various government-sponsored retirement plans including social pension schemes and corporate pension schemes, under which the employees are entitled to a monthly pension. Relevant government agencies determine the amount of pension benefits and are responsible for the related pension liabilities to eligible retired employees. The Group is required to make monthly contributions to these government-sponsored retirement plans for active employees, which are expensed as incurred. The Group has no obligation for post-retirement benefits beyond these contributions.

In addition, the Group participates in various defined contribution retirement schemes for its qualified employees in certain countries or regions outside of Mainland China.

#### Other operating expenses and costs:

	Year ended 31 December	
	2024	2023
Cost of bulk commodity trading	2,076,038	2,249,382
Depreciation of right-of-use assets	560,363	623,171
Electronic equipment operating expenses	467,570	530,231
Depreciation expenses	290,756	245,342
Amortization of intangible assets	272,044	216,959
Membership fees of exchanges	269,941	250,758
Business promotion expenses	251,219	111,687
Non-operating expenses	97,374	1,131,658
Auditors' remuneration	5,291	6,258
Including: Audit service	5,253	5,569
Non-audit service	38	689
Others	1,613,373	1,529,988
Total	5,903,969	6,895,434



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 11 DIRECTORS' AND SUPERVISORS' REMUNERATION

(1) Details of the directors' and supervisors' remuneration are as follows:

Year ended 31 December 2024						
Name	Salaries and allowances	Discretionary bonuses	Other benefits	Retirement benefits	Directors' fees	Total remuneration before tax
<b>Executive Directors</b>						
Liu Cheng (Chairman) (a)	–	–	–	–	–	–
Wang Changqing (b)	1,837	–	94	162	–	2,093
Jin Jianhua (c)	234	–	16	30	–	280
Zou Yingguang (d)	1,082	–	78	135	–	1,295
<b>Non-executive Directors</b>						
Li Min (Vice Chairman) (f)	–	–	–	–	–	–
Wu Ruilin (g)	–	–	–	–	–	–
Yan Xiaolei (f)	–	–	–	–	–	–
Hua Shurui (h)	–	–	–	–	–	–
Zhu Jia (i)	–	–	–	–	–	–
Liu Yanming (j)	–	–	–	–	–	–
Yang Dong	–	–	–	–	–	–
Wang Hua	–	–	–	–	–	–
<b>Independent Non-executive Directors</b>						
Pu Weiguang	–	–	–	–	365	365
Lai Guanrong	–	–	–	–	370	370
Zhang Zheng	–	–	–	–	365	365
Wu Xi	–	–	–	–	370	370
Zheng Wei (o)	–	–	–	–	365	365
<b>Supervisors</b>						
Dong Hongfu (p)	–	–	–	–	–	–
Dai Bo (q)	101	–	8	14	–	123
Zhou Xiaoyu (r)	1,184	–	86	148	–	1,418
Lin Xuan (s)	1,189	–	94	156	–	1,439
Li Fang (t)	–	–	–	–	–	–
Ai Bo (u)	–	–	–	–	–	–
Wang Xiaoguang	–	–	–	–	–	–
Zhao Ming	1,006	–	94	141	–	1,241
Total	6,633	–	470	786	1,835	9,724

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

## 11 DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

(1) Details of the directors' and supervisors' remuneration are as follows: (Continued)

Year ended 31 December 2023 (Restated)						
Name	Salaries and allowances	Discretionary bonuses	Other benefits	Retirement benefits	Directors' fees	Total remuneration before tax
<b>Executive Directors</b>						
Wang Changqing (Chairman) (b)	2,020	1,219	89	158	–	3,486
Zou Yingguang (d)	242	372	15	27	–	656
Li Geping (e)	794	–	36	65	–	895
<b>Non-executive Directors</b>						
Li Min (Vice Chairman) (f)	–	–	–	–	–	–
Wu Ruilin (Vice Chairman) (g)	–	–	–	–	–	–
Yu Zhongfu (k)	–	–	–	–	–	–
Yan Xiaolei (f)	–	–	–	–	–	–
Wang Xiaolin (l)	–	–	–	–	–	–
Zhang Qin (k)	–	–	–	–	–	–
Zhu Jia (i)	–	–	–	–	–	–
Zhang Wei (m)	–	–	–	–	–	–
Yang Dong	–	–	–	–	–	–
Wang Hua	–	–	–	–	–	–
<b>Independent Non-executive Directors</b>						
Pu Weiguang	–	–	–	–	355	355
Lai Guanrong	–	–	–	–	355	355
Zhou Chengyue (n)	–	–	–	–	–	–
Zhang Zheng	–	–	–	–	355	355
Wu Xi	–	–	–	–	360	360
Zheng Wei (o)	–	–	–	–	60	60
<b>Supervisors</b>						
Dong Hongfu (p)	–	–	–	–	–	–
Zhou Xiaoyu (r)	1,468	1,546	89	159	–	3,262
Lin Xuan (s)	1,373	2,100	89	152	–	3,714
Ai Bo (u)	–	–	–	–	–	–
Wang Xiaoguang	–	–	–	–	–	–
Zhao Ming	1,101	2,000	94	141	–	3,336
Total	6,998	7,237	412	702	1,485	16,834

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 11 DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

- (1) Details of the directors' and supervisors' remuneration are as follows: (Continued)

For the year ended 31 December 2024, the pre-tax remuneration for Executive Directors and Supervisors includes the remuneration and insurance benefits accrued and paid out during their tenure in 2024. For Executive Directors and Supervisors who will receive remuneration from the Group during the reporting period, their final remuneration is still under confirmation, and the remaining portion will be disclosed once confirmed.

For the year ended 31 December 2023, the pre-tax remuneration for Executive Directors and Supervisors includes the remuneration and insurance benefits accrued and paid out during their tenure in 2023. Of which, the paid out of the discretionary bonuses were under relevant regulations from provisions of regulatory authorities and the Group regarding deferred compensation.

In 2024 and 2023, no directors and supervisors waived their remuneration. For non-executive directors and supervisors whose pre-tax remuneration were not paid by the Group was shown as zero in the above tables.

- (a) Liu Cheng was appointed as director and executive director in March 2025.
- (b) Wang Changqing resigned as director and executive director in March 2025.
- (c) Jin Jianhua was appointed as executive director and general manager in November 2024.
- (d) Zou Yingguang was appointed as executive director in November 2023 and resigned as executive director in November 2024.
- (e) Li Geping resigned as executive director and general manager in June 2023.
- (f) Li Min was appointed as non-executive director in May 2023 and vice chairman in June 2023. Yan Xiaolei was appointed as non-executive director in May 2023.
- (g) Wu Ruilin was appointed as non-executive director and vice chairman in April 2023 and resigned as non-executive director and vice chairman in October 2024.
- (h) Hua Shurui was appointed as non-executive director in June 2024.
- (i) Zhu Jia resigned as non-executive director in April 2024.
- (j) Liu Yanming was appointed as non-executive director in April 2024.
- (k) Yu Zhongfu and Zhang Qin resigned as non-executive director in March 2023.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024  
(In RMB thousands, unless otherwise stated)

### 11 DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

(1) Details of the directors' and supervisors' remuneration are as follows: (Continued)

- (l) Wang Xiaolin resigned as non-executive director in March 2023.
- (m) Zhang Wei resigned as non-executive director in April 2023.
- (n) Zhou Chengyue resigned as independent non-executive director in May 2023.
- (o) Zheng Wei was appointed as independent non-executive director in October 2023.
- (p) Dong Hongfu was appointed as independent supervisor in May 2023.
- (q) Dai Bo was appointed as supervisor in December 2024.
- (r) Zhou Xiaoyu resigned as supervisor in December 2024.
- (s) Lin Xuan resigned as supervisor in December 2024, and was appointed as supervisor in January 2025.
- (t) Li Fang was appointed as supervisor in April 2024.
- (u) Ai Bo resigned as supervisor in April 2024.

(2) Other benefits and rights of directors and supervisors

For each of the years ended 31 December 2024 and 31 December 2023, no emoluments were paid by the Group to any of the persons who were directors, or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office. Except for the contributions to social pension schemes and corporate pension schemes, there were no other retirement benefits for directors or supervisors; meanwhile, there were no consideration provided to third parties for making available directors' or supervisors' services.

For each of the years ended 31 December 2024 and 31 December 2023, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly. In addition, the Group did not provide any guarantees or securities to certain controlled body corporates and connected entities of the directors or supervisors in respect of their loans, quasi-loans or credit transactions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 12 FIVE HIGHEST PAID EMPLOYEES

For the year ended 31 December 2024 and 31 December 2023, the five highest paid employees excluded directors and supervisors are as follows:

	Year ended 31 December	
	2024	2023 (Restated)
Salaries, allowances and other benefits	12,285	14,539
Retirement benefits	351	509
Discretionary bonuses	—	10,835
Total	12,636	25,883

The number of these individuals whose remuneration fell within the following bands is set out below:

	Year ended 31 December	
	2024	2023 (Restated)
RMB2,000,001 to RMB3,000,000 yuan	5	—
RMB4,000,001 to RMB5,000,000 yuan	—	1
RMB5,000,001 to RMB6,000,000 yuan	—	4
Total	5	5

For the year ended 31 December 2024, the pre-tax remuneration of the above employees includes the remuneration and insurance benefits accrued and paid out during their tenure in 2024. The Group's final remuneration is still under confirmation.

For the year ended 31 December 2023, the pre-tax remuneration of the above employees includes the remuneration and insurance benefits accrued and paid out during their tenure in 2023. Of which, the paid out of the discretionary bonuses were under relevant regulations from provisions of regulatory authorities and the company regarding deferred compensation.

For each of the years ended 31 December 2024 and 31 December 2023, no remunerations were paid by the Group to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 13 CREDIT IMPAIRMENT LOSSES/(REVERSALS)

	Year ended 31 December	
	2024	2023
Margin accounts	297,657	83,544
Financial assets at fair value through other comprehensive income	(98,867)	(245,275)
Financial assets held under resale agreements	(110,869)	(174)
Others	2,677	31,562
Total	90,598	(130,343)

### 14 INCOME TAX EXPENSE

#### (1) Income tax

	Year ended 31 December	
	2024	2023
Current income tax		
– Mainland China	1,227,774	813,505
– Outside Mainland	42,973	4,052
Subtotal	1,270,747	817,557
Deferred income tax	183,963	506,866
Total	1,454,710	1,324,423



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 14 INCOME TAX EXPENSE (CONTINUED)

#### (2) Reconciliation between income tax and accounting profit

A reconciliation of the income tax expense applicable to profit before tax at the PRC statutory income tax rate of 25% to income tax expense at the Group's effective income tax rate is as follows:

	Year ended 31 December	
	2024	2023
Profit before income tax	8,690,238	8,371,769
Income tax at the PRC statutory income tax rate	2,172,560	2,092,942
Effects of different applicable rates of tax prevailing in various jurisdictions	(104,015)	(90,452)
Non-deductible expenses	111,709	77,331
Non-taxable income	(679,302)	(470,027)
Others	(46,242)	(285,371)
Income tax expenses at the Group's effective income tax rate	1,454,710	1,324,423

### 15 DIVIDENDS

	Year ended 31 December	
	2024	2023
Dividends on ordinary shares proposed and paid	2,637,276	2,094,308
Distribution to other equity instrument holders (Note 16(1))	1,066,528	983,750

A cash dividend of RMB0.90 (tax inclusive) per 10 ordinary shares related to the first half of 2024 amounting to RMB698.11 million (tax inclusive) in total and based on 7,756,694,797 shares was approved at the 2024 third extraordinary general meeting held on 5 November 2024. All dividends were distributed on 27 December 2024.

A cash dividend of RMB2.50 (tax inclusive) per 10 ordinary shares related to the year of 2023 amounting to RMB1,939.17 million (tax inclusive) in total and based on 7,756,694,797 shares was approved at the annual general meeting held on 28 June 2024. All dividends were distributed on 22 August 2024.

A cash dividend of RMB2.70 (tax inclusive) per 10 ordinary shares related to the year of 2022 amounting to RMB2,094.31 million (tax inclusive) in total and based on 7,756,694,797 shares was approved at the annual general meeting held on 29 June 2023. All dividends were distributed on 22 August 2023.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 16 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Basic earnings per share was calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding. The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December	
	2024	2023
<b>Earnings:</b>		
Profit attributable to equity holders of the Company	7,223,220	7,034,486
Less: Profit attributable to other equity instrument holders of the Company (1)	(1,066,528)	(983,750)
Profit attributable to ordinary equity holders of the Company	6,156,692	6,050,736
<b>Shares:</b>		
Weighted average number of ordinary shares in issue (thousand) (Note 44)	7,756,695	7,756,695
Basic and diluted earnings per share (in RMB yuan)	0.79	0.78

There were no dilutive shares during the year ended 31 December 2024 (year ended 31 December 2023: None). Therefore, diluted earnings per share is equal to basic earnings per share.

- (1) As of 31 December 2024, there were eight tranches of perpetual subordinated bonds existed under the terms and conditions as detailed in Note 45 Other equity Instruments.

For the purpose of calculating basic earnings per ordinary share, profit attributable to other equity holders was deducted from the profit attributable to equity holders of the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 17 PROPERTY, PLANT AND EQUIPMENT

	Properties and buildings	Communication equipment	Office equipment	Transportation vehicles	Security equipment	Electronic devices	Others	Total
<b>Cost</b>								
1 January 2024	423,583	4,354	72,484	34,430	11,073	1,383,317	34,565	1,963,806
Increases	-	861	6,072	532	1,796	168,736	12,746	190,743
Transfer of investment property	2,579	-	-	-	-	-	-	2,579
Decreases	-	(1,273)	(13,302)	(614)	(890)	(56,088)	(22,315)	(94,482)
31 December 2024	426,162	3,942	65,254	34,348	11,979	1,495,965	24,996	2,062,646
<b>Accumulated depreciation</b>								
1 January 2024	(178,455)	(3,494)	(51,547)	(29,421)	(6,746)	(860,213)	(34,001)	(1,163,877)
Increases	(11,538)	(371)	(7,285)	(1,274)	(1,154)	(268,830)	(304)	(290,756)
Transfer of investment property	(595)	-	-	-	-	-	-	(595)
Decreases	-	1,235	13,328	515	854	56,157	22,315	94,404
31 December 2024	(190,588)	(2,630)	(45,504)	(30,180)	(7,046)	(1,072,886)	(11,990)	(1,360,824)
<b>Net carrying amount</b>								
31 December 2024	235,574	1,312	19,750	4,168	4,933	423,079	13,006	701,822
<b>Cost</b>								
1 January 2023	437,983	4,651	57,724	35,328	10,252	1,082,707	37,154	1,665,799
Increases	-	250	18,829	1,815	1,443	360,150	449	382,936
Decreases	(14,400)	(547)	(4,069)	(2,713)	(622)	(59,540)	(3,038)	(84,929)
31 December 2023	423,583	4,354	72,484	34,430	11,073	1,383,317	34,565	1,963,806
<b>Accumulated depreciation</b>								
1 January 2023	(173,557)	(3,706)	(51,679)	(30,923)	(6,345)	(692,972)	(36,566)	(995,748)
Increases	(11,660)	(319)	(3,935)	(1,130)	(1,005)	(226,826)	(467)	(245,342)
Decreases	6,762	531	4,067	2,632	604	59,585	3,032	77,213
31 December 2023	(178,455)	(3,494)	(51,547)	(29,421)	(6,746)	(860,213)	(34,001)	(1,163,877)
<b>Net carrying amount</b>								
31 December 2023	245,128	860	20,937	5,009	4,327	523,104	564	799,929

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 18 RIGHT-OF-USE ASSETS

	Properties and buildings	Others	Total
<b>Cost</b>			
1 January 2024	2,712,022	325,091	3,037,113
Increases	236,326	822	237,148
Decreases	(385,897)	(106)	(386,003)
Foreign currency translation differences	4,456	–	4,456
31 December 2024	<u>2,566,907</u>	<u>325,807</u>	<u>2,892,714</u>
<b>Accumulated depreciation</b>			
1 January 2024	(1,359,728)	(199,802)	(1,559,530)
Increases	(498,894)	(61,469)	(560,363)
Decreases	372,538	40	372,578
Foreign currency translation differences	(3,925)	–	(3,925)
31 December 2024	<u>(1,490,009)</u>	<u>(261,231)</u>	<u>(1,751,240)</u>
<b>Net carrying amount</b>			
31 December 2024	<u>1,076,898</u>	<u>64,576</u>	<u>1,141,474</u>
<b>Cost</b>			
1 January 2023	2,703,049	283,004	2,986,053
Increases	226,675	42,338	269,013
Decreases	(220,614)	(251)	(220,865)
Foreign currency translation differences	2,912	–	2,912
31 December 2023	<u>2,712,022</u>	<u>325,091</u>	<u>3,037,113</u>
<b>Accumulated depreciation</b>			
1 January 2023	(978,410)	(152,255)	(1,130,665)
Increases	(575,389)	(47,782)	(623,171)
Decreases	196,126	235	196,361
Foreign currency translation differences	(2,055)	–	(2,055)
31 December 2023	<u>(1,359,728)</u>	<u>(199,802)</u>	<u>(1,559,530)</u>
<b>Net carrying amount</b>			
31 December 2023	<u>1,352,294</u>	<u>125,289</u>	<u>1,477,583</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 19 INTANGIBLE ASSETS

	Software	Self-developed data resources	Trading seat rights and others	Total
<b>Cost</b>				
1 January 2024	1,656,535	–	75,388	1,731,923
Increases	306,495	2,356	–	308,851
Decreases	(12,759)	–	–	(12,759)
Foreign currency translation differences	799	–	20	819
	<u>1,951,070</u>	<u>2,356</u>	<u>75,408</u>	<u>2,028,834</u>
31 December 2024	<u>1,951,070</u>	<u>2,356</u>	<u>75,408</u>	<u>2,028,834</u>
<b>Accumulated amortization</b>				
1 January 2024	(835,072)	–	(69,600)	(904,672)
Increases	(271,717)	(327)	–	(272,044)
Decreases	11,921	–	–	11,921
Foreign currency translation differences	(578)	–	–	(578)
	<u>(1,095,446)</u>	<u>(327)</u>	<u>(69,600)</u>	<u>(1,165,373)</u>
31 December 2024	<u>(1,095,446)</u>	<u>(327)</u>	<u>(69,600)</u>	<u>(1,165,373)</u>
<b>Net carrying amount</b>				
31 December 2024	<u>855,624</u>	<u>2,029</u>	<u>5,808</u>	<u>863,461</u>

	Software	Trading seat rights and others	Total
<b>Cost</b>			
1 January 2023	1,293,447	74,694	1,368,141
Increases	373,184	2,081	375,265
Decreases	(10,575)	(1,400)	(11,975)
Foreign currency translation differences	479	13	492
	<u>1,656,535</u>	<u>75,388</u>	<u>1,731,923</u>
31 December 2023	<u>1,656,535</u>	<u>75,388</u>	<u>1,731,923</u>
<b>Accumulated amortization</b>			
1 January 2023	(628,160)	(69,600)	(697,760)
Increases	(216,959)	–	(216,959)
Decreases	10,356	–	10,356
Foreign currency translation differences	(309)	–	(309)
	<u>(835,072)</u>	<u>(69,600)</u>	<u>(904,672)</u>
31 December 2023	<u>(835,072)</u>	<u>(69,600)</u>	<u>(904,672)</u>
<b>Net carrying amount</b>			
31 December 2023	<u>821,463</u>	<u>5,788</u>	<u>827,251</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 20 INVESTMENTS IN SUBSIDIARIES

	31 December 2024	31 December 2023
Investments in subsidiaries	11,700,844	11,700,844

General information of the Company's principal subsidiaries are as follows:

Name of subsidiaries	Principal operating place	Place of registration	Registered share capital	Proportion of voting rights As at 31 December		Directly/ Indirectly hold	Principal activities
				2024	2023		
China Futures Co., Ltd.	Chongqing	Chongqing	RMB1,400 million	100%	100%	Directly	Futures brokerage
China Capital Management Co., Ltd.	Beijing	Beijing	RMB3,500 million	100%	100%	Directly	Project investment
China Securities (International) Finance Holding Co., Ltd. (i)	Hong Kong	Hong Kong	Not applicable	100%	100%	Directly	Shareholding and investment
China Fund Management Co., Ltd.	Beijing	Beijing	RMB450 million	100%	100%	Directly	Funds business, asset management
China Securities Investment Co., Ltd.	Beijing	Beijing	RMB6,100 million	100%	100%	Directly	Investment management, equity investment management, investment consultancy and project management

- (i) China Securities (International) Finance Holding Co., Ltd. is registered as a limited company according to the laws of Hong Kong, China. Others are registered as limited liability companies according to the laws of the People's Republic of China.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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### 21 INVESTMENTS IN ASSOCIATES

	31 December 2024	31 December 2023
Investments in associates	122,782	114,656

The following table illustrates details of investments in associates:

Name	1 January 2024	Increase	Decrease	Movement using the equity method	Cash dividends or profits declared	Loss allowance for the current year	31 December 2024
CITIC Urban Development Equity Investment Fund Management (Shenzhen) Co., Ltd.	59,120	-	-	4,426	-	-	63,546
Beijing Shunlong Zhiyuan Enterprise Management Consulting Co., Ltd.	28,172	-	-	2,197	(199)	-	30,170
Beijing Equity Trading Center Co., Ltd.	27,364	-	-	1,702	-	-	29,066
Total	114,656	-	-	8,325	(199)	-	122,782

Name	1 January 2023	Increase	Decrease	Movement using the equity method	Cash dividends or profits declared	Loss allowance for the current year	31 December 2023
CITIC Urban Development Equity Investment Fund Management (Shenzhen) Co., Ltd.	52,945	-	-	6,175	-	-	59,120
Beijing Shunlong Zhiyuan Enterprise Management Consulting Co., Ltd.	27,102	-	-	1,345	(275)	-	28,172
Beijing Equity Trading Center Co., Ltd.	27,477	-	-	(113)	-	-	27,364
Total	107,524	-	-	7,407	(275)	-	114,656

(1) As at 31 December 2024 and 31 December 2023, given there was no new sign of impairment on the Group's investments in associates, no further loss allowance was made.

(2) CITIC City Development Equity Investment Fund Management (Shenzhen) Co., Ltd. was renamed as CITIC Urban Development Equity Investment Fund Management (Shenzhen) Co., Ltd. on 29 August 2024.

(3) Zhongguancun Equity Trading Service Group Co., Ltd. was renamed as Beijing Shunlong Zhiyuan Enterprise Management Consulting Co., Ltd. on 22 February 2023.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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(In RMB thousands, unless otherwise stated)

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

	31 December 2024	31 December 2023
<b>Non-current</b>		
Debt instruments	27,641	30,729
Equity investments	7,581,711	8,805,845
Fund investments	182,564	209,516
Others	797,418	988,587
Subtotal	8,589,334	10,034,677
Analyzed into:		
Listed	283,657	2,199,275
Unlisted	8,305,677	7,835,402
Subtotal	8,589,334	10,034,677
<b>Current</b>		
Debt instruments	102,392,451	108,888,273
Equity investments	19,008,672	32,213,562
Fund investments	21,297,840	15,373,903
Others	50,683,119	47,682,004
Subtotal	193,382,082	204,157,742
Analyzed into:		
Listed	151,065,762	170,053,932
Unlisted	42,316,320	34,103,810
Subtotal	193,382,082	204,157,742
Total	201,971,416	214,192,419

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

As at 31 December 2024, the fair value of financial assets pledged as collateral for financial assets sold under repurchase agreements (Note 37), futures business, securities borrowing business, etc. by the Group were RMB83,805.18 million (31 December 2023: RMB86,451.14 million).

As at 31 December 2024, the above financial assets at fair value through profit or loss held by the Group included the outstanding balance of the securities lent of RMB307.99 million (31 December 2023: RMB728.40 million).

As at 31 December 2024, the fair value of financial assets at fair value through profit or loss in restricted period held by the Group was RMB1,513.13 million (31 December 2023: RMB3,448.55 million).

### 23 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2024	31 December 2023
<b>Non-current</b>		
Equity investments	14,742,205	1,400
Analyzed into:		
Listed	14,730,805	—
Unlisted	11,400	1,400
Subtotal	14,742,205	1,400
<b>Current</b>		
Debt instruments	77,559,632	75,736,268
Equity investments	79,460	65,588
Subtotal	77,639,092	75,801,856
Analyzed into:		
Listed	77,639,092	75,801,856
Subtotal	77,639,092	75,801,856
<b>Total</b>	<b>92,381,297</b>	<b>75,803,256</b>

As at 31 December 2024, the fair value of securities classified as financial assets at fair value through other comprehensive income of the Group which have been pledged as collateral for financial assets sold under repurchase agreements (Note 37), securities borrowing business, etc., were RMB47,838.25 million (31 December 2023: RMB54,263.50 million).

As at 31 December 2024, the fair value of financial assets at fair value through other comprehensive income in restricted period held by the Group was RMB1,346.06 million (31 December 2023: None).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 24 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	31 December 2024	31 December 2023
<b>Non-current</b>		
Analyzed by collateral:		
Stock	–	30,046
Loss allowance	–	(159)
Subtotal	–	29,887
<b>Current</b>		
Analyzed by collateral:		
Debts	7,833,263	8,946,148
Stock	3,688,578	5,495,599
	11,521,841	14,441,747
Loss allowance	(418,628)	(529,338)
Subtotal	11,103,213	13,912,409
Total	11,103,213	13,942,296

The Group received securities as collateral in connection with financial assets under resale agreements, some of which are allowed to be re-pledged in the absence of default by counterparties. If the collateral received declines in value, the Group may, in certain circumstances, require additional collateral. The Group had an obligation to return the collateral to its counterparties at the maturity of the contracts.

The fair value of the collateral received in connection with financial assets under resale agreements, the collateral allowed to be re-pledged and the collateral re-pledged were as below:

	31 December 2024	31 December 2023
Collateral received	18,839,777	20,061,681
Including: Collateral allowed to be re-pledged	–	–
Including: Collateral re-pledged	–	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 25 REFUNDABLE DEPOSITS

	31 December 2024	31 December 2023
Performance deposits	12,254,691	12,107,366
Trading deposits	509,377	584,114
Credit deposits	65,075	50,011
Total	12,829,143	12,741,491

### 26 DEFERRED TAX ASSETS/LIABILITIES

Changes of deferred tax assets/liabilities before offset are as follows:

Deferred tax assets	Salaries, bonuses, and allowances payable	Fair value changes of financial instruments	Allowance for credit impairment losses	Lease liabilities	Others	Total
1 January 2024	1,028,325	26,477	584,472	379,136	96,148	2,114,558
(Debited)/credited to the consolidated income statement	(168,482)	(5,115)	22,055	(71,101)	(31,947)	(254,590)
(Debited)/credited to other comprehensive income	–	(9,924)	48	51	156	(9,669)
31 December 2024	859,843	11,438	606,575	308,086	64,357	1,850,299

Deferred tax assets	Salaries, bonuses, and allowances payable	Fair value changes of financial instruments	Allowance for credit impairment losses	Lease liabilities	Others	Total
1 January 2023	1,114,296	75,560	616,653	461,640	86,428	2,354,577
(Debited)/credited to the consolidated income statement	(85,971)	(3,299)	(32,027)	(81,123)	13,989	(188,431)
(Debited) to other comprehensive income	–	(45,784)	(154)	(1,381)	(4,269)	(51,588)
31 December 2023	1,028,325	26,477	584,472	379,136	96,148	2,114,558

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 26 DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

Deferred tax liabilities	Fair value changes of financial instruments	Right-of-use assets	Others	Total
1 January 2024	1,489,059	362,274	1,741	1,853,074
Debited/(credited) to the consolidated income statement	8,651	(79,383)	105	(70,627)
Debited to other comprehensive income	144,973	45	40	145,058
31 December 2024	1,642,683	282,936	1,886	1,927,505

Deferred tax liabilities	Fair value changes of financial instruments	Right-of-use assets	Others	Total
1 January 2023	1,066,553	454,779	1,657	1,522,989
Debited/(credited) to the consolidated income statement	409,578	(91,183)	40	318,435
Debited/(credited) to other comprehensive income	12,928	(1,322)	44	11,650
31 December 2023	1,489,059	362,274	1,741	1,853,074

Net balances of deferred tax assets/liabilities after offset

Item	31 December 2024		31 December 2023	
	Deferred tax assets/liabilities offset amount	Deferred tax assets/liabilities net balances after offset	Deferred tax assets/liabilities offset amount	Deferred tax assets/liabilities net balances after offset
Deferred tax assets	(1,769,889)	80,410	(1,686,242)	428,316
Deferred tax liabilities	(1,769,889)	157,616	(1,686,242)	166,832

### 27 OTHER NON-CURRENT ASSETS

As at 31 December 2024 and 31 December 2023, other non-current assets of the Group primarily represented long-term deferred expenses incurred on leasehold improvements of property, plant and equipment and network engineering projects.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 28 MARGIN ACCOUNTS

	31 December 2024	31 December 2023
Margin accounts		
– Individuals	55,900,596	46,158,352
– Institutions	8,710,104	11,595,743
	64,610,700	57,754,095
Loss allowance	(1,661,896)	(1,361,523)
Total	62,948,804	56,392,572

Margin accounts are funds that the Group provided to clients in margin financing and securities lending. As at 31 December 2024 and 31 December 2023, no margin accounts were pledged of the Group.

As at 31 December 2024, the fair value of securities lent was RMB307.99 million (31 December 2023: RMB3,129.56 million).

As at 31 December 2024, the Group received collateral with fair value amounted to RMB194,889.33 million (31 December 2023: RMB180,860.81 million), in connection with its margin financing and securities lending.

### 29 ACCOUNTS RECEIVABLE

	31 December 2024	31 December 2023
Derivative business receivables	6,901,025	7,896,145
Clearing funds receivable	915,654	912,684
Asset and fund management fee receivable	223,483	147,189
Others	1,121,067	740,112
	9,161,229	9,696,130
Loss allowance (i)	(21,493)	(15,908)
Total	9,139,736	9,680,222

(i) ECL on accounts receivable arising from revenue recognized in accordance with IFRS 15 – Revenue, is measured using simplified approach. ECL on the rest of accounts receivable is measured using the general approach and as at 31 December 2024, accounts receivable measured using general approach were classified under Stage 1 (31 December 2023: Stage 1).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 29 ACCOUNTS RECEIVABLE (CONTINUED)

(ii) Analyzed by aging

Item	As at 31 December 2024			
	Carrying amount		Loss allowance	
	Value	Percentage	Value	Percentage
Loss allowance by portfolio				
Less than 1 year	9,067,752	98.99%	(1,751)	8.15%
1 to 2 years	48,004	0.52%	(2,986)	13.89%
2 to 3 years	24,902	0.27%	(3,639)	16.93%
More than 3 years	20,571	0.22%	(13,117)	61.03%
Total	9,161,229	100.00%	(21,493)	100.00%

Item	As at 31 December 2023			
	Carrying amount		Loss allowance	
	Value	Percentage	Value	Percentage
Loss allowance by portfolio				
Less than 1 year	9,650,036	99.52%	(1,105)	6.94%
1 to 2 years	25,357	0.26%	(2,526)	15.88%
2 to 3 years	6,469	0.07%	(1,369)	8.61%
More than 3 years	14,268	0.15%	(10,908)	68.57%
Total	9,696,130	100.00%	(15,908)	100.00%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 30 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December 2024		
	Nominal value	Fair value	
		Assets	Liabilities
Interest rate derivatives	470,011,046	13,477	5,870
Currency derivatives	358,386,445	452,798	1,028,479
Equity derivatives	192,971,776	2,498,341	2,800,328
Credit derivatives	1,297,000	17,658	844
Others	61,648,570	375,935	236,671
Total	1,084,314,837	3,358,209	4,072,192

	As at 31 December 2023		
	Nominal value	Fair value	
		Assets	Liabilities
Interest rate derivatives	390,754,943	4,686	10
Equity derivatives	292,058,989	3,550,180	3,606,161
Currency derivatives	158,749,720	73,001	501,035
Credit derivatives	981,000	17,773	262
Others	88,330,218	539,511	253,090
Total	930,874,870	4,185,151	4,360,558

Under the “Daily Mark-to-Market and Settlement Arrangement”, the Group’s future contracts are settled daily. The amount of mark-to-market gain or loss of those unexpired future contracts is reflected in Consolidated income statement and the account captioned “cash and bank balances”. As at 31 December 2024, the fair value of the Group’s unexpired futures contracts was at losses of RMB258.97 million (31 December 2023: losses of RMB201.16 million).

### 31 CASH HELD ON BEHALF OF CLIENTS

The Group maintains segregated deposit accounts with banks and authorized institutions to hold cash on behalf of customers arising from its normal course of business. The Group has recorded the related amounts as cash held on behalf of clients and the corresponding liabilities as accounts payable to brokerage clients (Note 34). In Mainland China, the use of cash held on behalf of clients for securities trading and settlement is restricted and governed by relevant third-party custodian regulations issued by the CSRC. In Hong Kong, the “Securities and Futures (Client Money) Rules” under the Securities and Futures Ordinance have imposed similar restrictions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 32 CASH AND BANK BALANCES

	31 December 2024	31 December 2023
Deposits in banks	46,473,105	36,620,725

As at 31 December 2024, the Group had restricted deposits of RMB715.14 million (31 December 2023: RMB546.54 million).

### 33 OTHER CURRENT ASSETS

	31 December 2024	31 December 2023
Commodity Inventories	304,592	66,024
Interest receivable (i)	48,399	51,880
Prepaid expenses	6,577	20,887
Deferred expenses	5,765	4,748
Prepaid tax	5,695	671,131
Others	422,839	455,458
	793,867	1,270,128
Loss allowance	(74,894)	(74,246)
Total	718,973	1,195,882

(i) As at 31 December 2024 and 31 December 2023, interest income of financial assets accrued under effective interest rate method, which was overdue but not received, was reflected in Interest receivable under other current assets. Interest receivable not yet due were included in the carrying amount of the related financial assets.

### 34 ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

Accounts payable to brokerage clients represents the amounts received from and repayable to clients arising from the ordinary course of the Group's securities brokerage business. For more details, please refer to Cash Held on Behalf of Clients (Note 31).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 35 LEASE LIABILITIES

	31 December 2024	31 December 2023
<b>Current</b>		
Lease liabilities	581,904	480,880
<b>Non-current</b>		
Lease liabilities	660,698	1,065,204
Total	1,242,602	1,546,084

As at 31 December 2024 and 31 December 2023, the cash outflow of lease contracts signed by the Group but lease not yet commenced are insignificant.

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

	31 December 2024	31 December 2023
<b>Current</b>		
Financial liabilities at fair value through profit or loss (Held for trading)		
– Debt instruments	2,417,316	1,429,579
– Others	–	585
Financial liabilities designated as at fair value through profit or loss		
– Structured notes (i)	4,035,110	3,754,899
Subtotal	6,452,426	5,185,063
<b>Non-current</b>		
Financial liabilities designated as at fair value through profit or loss		
– Structured notes (i)	2,653,036	4,959,247
Subtotal	2,653,036	4,959,247
Total	9,105,462	10,144,310

(i) As at 31 December 2024 and 31 December 2023, the structured notes held by the Group were mainly linked to equity indexes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 37 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	31 December 2024	31 December 2023
<b>Current</b>		
Analysed by collateral:		
Debt securities ( <i>Notes 22 and 23</i> )	95,148,611	108,639,876
Gold	1,719,343	6,006,876
Others ( <i>Note 22</i> )	16,844,871	14,814,976
Total	113,712,825	129,461,728

As at 31 December 2024 and 31 December 2023, other collaterals were the standard bonds for pledge-style quotation-driven repurchase.

### 38 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2024	31 December 2023
<b>Current</b>		
Placements from banks	800,037	400,088
Placements from CSF	–	1,503,960
Total	800,037	1,904,048

### 39 TAXES PAYABLE

	31 December 2024	31 December 2023
<b>Current</b>		
Income tax	236,155	111,423
Value added tax	207,959	40,256
Others	512,254	212,286
Total	956,368	363,965



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 40 SHORT-TERM BORROWINGS

	31 December 2024	31 December 2023
<b>Current</b>		
Analyzed by nature:		
Credit borrowings	3,858,353	473,460

As at 31 December 2024 and 31 December 2023, the Group had fixed-rate borrowings which carried interest rate from 2.45% to 6.04% and 3.20% to 6.37%.

As at 31 December 2024 and 31 December 2023, the Group does not provide collateral for its short-term borrowings.

### 41 SHORT-TERM FINANCING INSTRUMENTS PAYABLE

Name	Notional value	Issuance amount	Interest commencement date	Maturity date	Coupon rate	1 January 2024	Increase	Decrease	31 December 2024
23 CSC CP002	2,000,000	2,000,000	17/01/2023	12/01/2024	2.78%	2,053,163	1,675	2,054,838	-
23 CSC CP003	3,000,000	3,000,000	14/02/2023	07/02/2024	2.72%	3,071,763	8,272	3,080,035	-
23 CSC CP007	3,000,000	3,000,000	16/03/2023	12/03/2024	2.78%	3,066,492	15,997	3,082,489	-
23 CSC CP009	2,000,000	2,000,000	29/03/2023	22/03/2024	2.72%	2,041,433	11,927	2,053,360	-
23 CSC CP011	3,000,000	3,000,000	25/05/2023	23/02/2024	2.39%	3,043,413	10,264	3,053,677	-
23 CSC CP012	3,000,000	3,000,000	21/06/2023	23/04/2024	2.42%	3,038,587	22,310	3,060,897	-
23 CSC CP013	2,500,000	2,500,000	28/06/2023	27/06/2024	2.45%	2,531,380	29,703	2,561,083	-
23 CSC CP014	3,000,000	3,000,000	18/09/2023	13/09/2024	2.51%	3,021,662	52,609	3,074,271	-
24 CSC CP001	2,500,000	2,500,000	26/06/2024	16/04/2025	2.05%	-	2,526,538	-	2,526,538
24 CSC CP002	2,500,000	2,500,000	09/07/2024	13/05/2025	1.98%	-	2,523,868	-	2,523,868
24 CSC CP003	3,000,000	3,000,000	14/10/2024	14/10/2025	2.10%	-	3,013,636	-	3,013,636
24 CSC CP004	4,000,000	4,000,000	17/10/2024	12/09/2025	2.00%	-	4,016,658	-	4,016,658
24 CSC CP005	4,000,000	4,000,000	23/10/2024	22/08/2025	1.99%	-	4,015,266	-	4,015,266
24 CSC CP006	3,000,000	3,000,000	28/10/2024	28/10/2025	2.03%	-	3,010,845	-	3,010,845
24 CSC CP007	1,300,000	1,300,000	25/11/2024	25/11/2025	1.92%	-	1,302,530	-	1,302,530
23 Xintou S1	5,000,000	5,000,000	24/11/2023	24/11/2024	2.69%	5,002,840	131,660	5,134,500	-
23 Xintou S2	5,500,000	5,500,000	19/12/2023	19/12/2024	2.76%	5,490,393	161,879	5,652,272	-
24 Xintou S1	1,500,000	1,500,000	16/01/2024	16/01/2025	2.52%	-	1,538,987	2,830	1,536,157
24 Xintou S2	1,500,000	1,500,000	24/04/2024	24/04/2025	2.05%	-	1,523,199	2,830	1,520,369
24 Xintou S3	6,500,000	6,500,000	20/06/2024	20/06/2025	2.05%	-	6,577,779	12,264	6,565,515
CNY800,000,000 2.50 per cent. Guaranteed Notes due 2025	800,000	800,000	27/09/2024	26/09/2025	2.50%	-	805,121	-	805,121
Structured notes (/)						5,340,533	9,667,627	7,394,076	7,614,084
<b>Total</b>						<b>37,701,659</b>	<b>40,968,350</b>	<b>40,219,422</b>	<b>38,450,587</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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### 41 SHORT-TERM FINANCING INSTRUMENTS PAYABLE (CONTINUED)

Name	Notional value	Issuance amount	Interest commencement date	Maturity date	Coupon rate	1 January 2023	Increase	Decrease	31 December 2023
22 CSC CP003	3,000,000	3,000,000	25/07/2022	23/05/2023	2.14%	3,028,142	24,976	3,053,118	-
22 CSC CP004	3,000,000	3,000,000	27/07/2022	18/01/2023	1.92%	3,024,934	2,683	3,027,617	-
22 CSC CP005	3,000,000	3,000,000	26/09/2022	09/06/2023	1.96%	3,015,626	25,614	3,041,240	-
22 CSC CP006	3,000,000	3,000,000	28/09/2022	20/06/2023	2.04%	3,015,929	28,504	3,044,433	-
22 CSC CP007	2,000,000	2,000,000	12/12/2022	08/09/2023	2.74%	2,003,003	37,534	2,040,537	-
22 CSC CP008	2,000,000	2,000,000	15/12/2022	15/09/2023	3.00%	2,002,795	42,247	2,045,042	-
23 CSC CP001	2,500,000	2,500,000	09/01/2023	13/10/2023	2.55%	-	2,548,380	2,548,380	-
23 CSC CP002	2,000,000	2,000,000	17/01/2023	12/01/2024	2.78%	-	2,053,163	-	2,053,163
23 CSC CP003	3,000,000	3,000,000	14/02/2023	07/02/2024	2.72%	-	3,071,763	-	3,071,763
23 CSC CP004	3,000,000	3,000,000	20/02/2023	22/08/2023	2.57%	-	3,038,656	3,038,656	-
23 CSC CP005	1,000,000	1,000,000	28/02/2023	29/08/2023	2.65%	-	1,013,214	1,013,214	-
23 CSC CP006	2,000,000	2,000,000	09/03/2023	29/08/2023	2.62%	-	2,024,768	2,024,768	-
23 CSC CP007	3,000,000	3,000,000	16/03/2023	12/03/2024	2.78%	-	3,066,492	-	3,066,492
23 CSC CP008	3,000,000	3,000,000	24/03/2023	22/09/2023	2.57%	-	3,038,339	3,038,339	-
23 CSC CP009	2,000,000	2,000,000	29/03/2023	22/03/2024	2.72%	-	2,041,433	-	2,041,433
23 CSC CP010	3,500,000	3,500,000	11/04/2023	08/11/2023	2.58%	-	3,552,058	3,552,058	-
23 CSC CP011	3,000,000	3,000,000	25/05/2023	23/02/2024	2.39%	-	3,043,413	-	3,043,413
23 CSC CP012	3,000,000	3,000,000	21/06/2023	23/04/2024	2.42%	-	3,038,587	-	3,038,587
23 CSC CP013	2,500,000	2,500,000	28/06/2023	27/06/2024	2.45%	-	2,531,380	-	2,531,380
23 CSC CP014	3,000,000	3,000,000	18/09/2023	13/09/2024	2.51%	-	3,021,662	-	3,021,662
23 Xintou S1	5,000,000	5,000,000	24/11/2023	24/11/2024	2.69%	-	5,015,293	12,453	5,002,840
23 Xintou S2	5,500,000	5,500,000	19/12/2023	19/12/2024	2.76%	-	5,505,959	15,566	5,490,393
Structured notes //						3,450,819	8,596,234	6,706,520	5,340,533
Total						19,541,248	56,362,352	38,201,941	37,701,659

As at 31 December 2024 and 31 December 2023, there were no defaults related to any short-term financing instruments payable by the Group.

As at 31 December 2024 and 31 December 2023, the interests of short-term financing instruments payable measured by the effective interest rate method were included in the carrying amount of the related financial instruments, which amounted to RMB301.53 million and RMB432.15 million, respectively.

- (i) As at 31 December 2024 and 31 December 2023, the fixed annual interest rate ranges of the structured notes issued by the Group are 1.75% to 5.75% and 1.55% to 6.30%, respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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(In RMB thousands, unless otherwise stated)

### 42 OTHER CURRENT LIABILITIES

	31 December 2024	31 December 2023
Bonds in issue with maturity within one year	27,094,310	22,150,473
Derivative business payables	18,326,432	21,855,545
Salaries, bonuses and allowances payable	4,308,110	4,505,829
Amounts due to other holders of consolidated structured entities at fair value	1,194,189	1,296,501
Accounts payable to underwriting clients	1,136,874	1,262,679
Settlement deposits payable	693,686	775,498
Dividends payable (Notes 15 and 45)	665,619	582,841
Futures settlement risk funds payable	274,551	226,964
Provision	109,942	127,424
Securities investor protection fund payable	47,540	40,133
Funds payable to securities holders	5,913	5,956
Others	5,182,084	4,702,134
Total	59,039,250	57,531,977

### 43 BONDS IN ISSUE

	31 December 2024	31 December 2023
Bonds and medium term notes in issue	96,073,816	77,948,251
Structured notes in issue	1,784,975	2,695,720
Total	97,858,791	80,643,971

- (1) As at 31 December 2024 and 31 December 2023, there were no defaults related to any bonds in issue.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 43 BONDS IN ISSUE (CONTINUED)

(2) The details of bonds in issue

Name	Notional value	Issuance amount	Interest commencement date	Maturity date	Interest payment method	Coupon rate	31 December 2023	31 December 2024
Corporate bonds								
20 Xintou G2 //	1,000,000	1,000,000	11/03/2020	11/03/2025	Pay annually	3.13%	1,024,005	–
22 Xintou F1	1,000,000	1,000,000	26/09/2022	26/09/2027	Pay annually	2.65%	1,006,328	1,006,515
22 Xintou F2	5,000,000	5,000,000	26/09/2022	26/09/2029	Pay annually	3.02%	5,024,219	5,026,842
22 Xintou F3	1,000,000	1,000,000	19/10/2022	19/10/2027	Pay annually	2.68%	1,003,255	1,003,817
22 Xintou F4	3,000,000	3,000,000	19/10/2022	19/10/2029	Pay annually	2.99%	3,011,044	3,012,208
22 Xintou G1 //	2,000,000	2,000,000	10/11/2022	10/11/2025	Pay annually	2.55%	2,003,724	–
22 Xintou G2	2,000,000	2,000,000	10/11/2022	10/11/2027	Pay annually	2.89%	2,003,808	2,004,928
22 Xintou G3	2,500,000	2,500,000	10/11/2022	10/11/2032	Pay annually	3.29%	2,503,221	2,504,076
22 Xintou G4 //	2,000,000	2,000,000	06/12/2022	06/12/2025	Pay annually	3.08%	2,000,709	–
22 Xintou G5	1,000,000	1,000,000	06/12/2022	06/12/2027	Pay annually	3.29%	1,000,087	1,000,644
22 Xintou G6	1,500,000	1,500,000	06/12/2022	06/12/2032	Pay annually	3.55%	1,499,939	1,500,319
22 Xintou G7 //	4,000,000	4,000,000	20/12/2022	20/12/2025	Pay annually	3.49%	3,997,081	–
23 Xintou F1	500,000	500,000	17/01/2023	17/01/2026	Pay annually	3.20%	513,997	514,633
23 Xintou F2	2,500,000	2,500,000	17/01/2023	17/01/2028	Pay annually	3.35%	2,572,345	2,574,195
23 Xintou F3 //	1,500,000	1,500,000	27/02/2023	27/02/2025	Pay annually	3.10%	1,535,941	–
23 Xintou G2	1,500,000	1,500,000	21/08/2023	21/08/2028	Pay annually	2.97%	1,510,963	1,512,054
23 Xintou G3	2,500,000	2,500,000	21/08/2023	21/08/2033	Pay annually	3.15%	2,519,559	2,520,395
23 Xintou G4	1,000,000	1,000,000	16/10/2023	16/10/2026	Pay annually	2.91%	1,002,623	1,003,869
23 Xintou G5	1,000,000	1,000,000	16/10/2023	16/10/2028	Pay annually	3.10%	1,002,915	1,003,639
23 Xintou G6	1,000,000	1,000,000	16/10/2023	16/10/2033	Pay annually	3.34%	1,003,340	1,003,671
23 Xintou G7	500,000	500,000	27/10/2023	27/10/2026	Pay annually	2.94%	500,882	501,504
23 Xintou G8	500,000	500,000	27/10/2023	27/10/2028	Pay annually	3.13%	501,007	501,368
23 Xintou G9	1,500,000	1,500,000	27/10/2023	27/10/2033	Pay annually	3.35%	1,503,514	1,504,009

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 43 BONDS IN ISSUE (CONTINUED)

(2) The details of bonds in issue (Continued)

Name	Notional value	Issuance amount	Interest commencement date	Maturity date	Interest payment method	Coupon rate	31 December 2023	31 December 2024
Corporate bonds (Continued)								
23 Xintou 10	1,500,000	1,500,000	20/11/2023	20/11/2026	Pay annually	2.87%	1,499,505	1,501,367
23 Xintou 11	2,300,000	2,300,000	20/11/2023	20/11/2028	Pay annually	3.07%	2,299,633	2,301,292
23 Xintou 13	1,500,000	1,500,000	07/12/2023	07/12/2026	Pay annually	2.95%	1,498,880	1,500,274
23 Xintou 14	2,500,000	2,500,000	07/12/2023	07/12/2028	Pay annually	3.15%	2,498,410	2,499,758
24 Xintou G1	700,000	700,000	23/01/2024	23/01/2027	Pay annually	2.72%	-	716,128
24 Xintou G2	2,000,000	2,000,000	23/01/2024	23/01/2034	Pay annually	2.99%	-	2,049,274
24 Xintou F1	4,000,000	4,000,000	01/02/2024	01/02/2027	Pay annually	2.80%	-	4,091,917
24 Xintou F2	3,000,000	3,000,000	07/03/2024	07/09/2026	Pay annually	2.58%	-	3,056,069
24 Xintou G4	1,000,000	1,000,000	27/03/2024	27/03/2034	Pay annually	2.78%	-	1,017,809
24 Xintou F3	1,000,000	1,000,000	19/04/2024	19/04/2027	Pay annually	2.38%	-	1,013,856
24 Xintou F4	2,000,000	2,000,000	19/04/2024	19/04/2029	Pay annually	2.55%	-	2,029,379
24 Xintou G5	1,000,000	1,000,000	15/07/2024	15/07/2027	Pay annually	2.13%	-	1,006,723
24 Xintou G6	1,000,000	1,000,000	15/07/2024	15/07/2029	Pay annually	2.25%	-	1,007,043
24 Xintou F5	2,600,000	2,600,000	16/10/2024	16/10/2026	Pay annually	2.21%	-	2,603,673
24 Xintou F6	3,300,000	3,300,000	16/10/2024	16/10/2027	Pay annually	2.23%	-	3,307,090
24 Xintou F7	800,000	800,000	24/10/2024	24/10/2026	Pay annually	2.20%	-	800,590
24 Xintou F8	3,200,000	3,200,000	24/10/2024	24/08/2027	Pay annually	2.23%	-	3,202,213
24 Xintou G8	1,500,000	1,500,000	14/11/2024	14/11/2026	Pay annually	2.05%	-	1,504,044
24 Xintou G9	3,500,000	3,500,000	14/11/2024	14/11/2027	Pay annually	2.12%	-	3,509,758
24 Xintou 10	2,000,000	2,000,000	05/12/2024	05/12/2026	Pay annually	1.91%	-	2,002,826
24 Xintou 11	3,000,000	3,000,000	05/12/2024	05/12/2029	Pay annually	2.10%	-	3,004,660

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 43 BONDS IN ISSUE (CONTINUED)

(2) The details of bonds in issue (Continued)

Name	Notional value	Issuance amount	Interest commencement date	Maturity date	Interest payment method	Coupon rate	31 December 2023	31 December 2024
Subordinated bonds								
22 Xintou C2	2,000,000	2,000,000	21/01/2022	21/01/2027	Pay annually	3.45%	2,061,676	2,062,826
22 Xintou C3 <i>(f)</i>	1,000,000	1,000,000	22/02/2022	22/02/2025	Pay annually	3.08%	1,025,324	–
22 Xintou C4	2,000,000	2,000,000	22/02/2022	22/02/2027	Pay annually	3.49%	2,056,213	2,057,359
22 Xintou C6	1,000,000	1,000,000	19/04/2022	19/04/2027	Pay annually	3.57%	1,022,592	1,023,352
23 Xintou C1 <i>(f)</i>	1,500,000	1,500,000	30/05/2023	30/05/2025	Pay annually	2.99%	1,523,542	–
23 Xintou C2	2,000,000	2,000,000	30/05/2023	30/05/2026	Pay annually	3.15%	2,031,184	2,033,698
23 Xintou C3 <i>(f)</i>	3,000,000	3,000,000	10/07/2023	10/07/2025	Pay annually	2.86%	3,034,662	–
23 Xintou C4	1,500,000	1,500,000	10/07/2023	10/07/2026	Pay annually	3.04%	1,518,280	1,519,692
23 Xintou C5 <i>(f)</i>	1,000,000	1,000,000	27/07/2023	27/07/2025	Pay annually	2.74%	1,008,894	–
23 Xintou C6	2,500,000	2,500,000	27/07/2023	27/07/2026	Pay annually	2.95%	2,523,818	2,526,952
23 Xintou C7 <i>(f)</i>	1,000,000	1,000,000	15/08/2023	15/08/2025	Pay annually	2.75%	1,007,409	–
23 Xintou C8	2,500,000	2,500,000	15/08/2023	15/08/2026	Pay annually	3.00%	2,520,291	2,523,412
Medium term notes								
CSCIF A N2508 <i>(f)</i>	500,000	499,690						
	thousand dollars	thousand dollars	04/08/2020	04/08/2025	Pay semi-annually	1.75%	3,560,570	–
CSCIF A N2504 <i>(f)</i>	1,500,000	1,500,000	27/04/2023	27/04/2025	Pay semi-annually	3.15%	1,505,905	–
CSCIF A N2604	1,500,000	1,500,000	27/04/2023	27/04/2026	Pay semi-annually	3.25%	1,505,725	1,506,917
CNY500,000,000 3.45 per cent. Guaranteed Notes due 2026	500,000	500,000	19/12/2023	19/12/2026	Pay semi-annually	3.45%	500,308	500,385
CNY710,000,000 3.45 per cent. Guaranteed Notes due 2026	710,000	710,000	19/12/2023	19/12/2026	Pay semi-annually	3.45%	710,438	710,547
CNY790,000,000 3.45 per cent. Guaranteed Notes due 2026	790,000	790,000	19/12/2023	19/12/2026	Pay semi-annually	3.45%	790,486	790,635
CSCIFHK N2705	500,000	500,000				SOFR +		
	thousand dollars	thousand dollars	31/05/2024	31/05/2027	Pay quarterly	0.67%	–	3,592,490



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 43 BONDS IN ISSUE (CONTINUED)

(2) The details of bonds in issue (Continued)

Name	Notional value	Issuance amount	Interest commencement date	Maturity date	Interest payment method	Coupon rate	31 December 2023	31 December 2024
Medium term notes (Continued)								
USD150,000,000 FRN Guaranteed Notes due 2027	150,000 thousand dollars	150,000 thousand dollars	27/09/2024	27/09/2027	Pay quarterly	SOFR + 0.68%	-	1,077,450
USD100,000,000 FRN Guaranteed Notes due 2027	100,000 thousand dollars	100,000 thousand dollars	13/11/2024	13/11/2027	Pay quarterly	SOFR + 0.70%	-	723,672
Structured notes							<u>2,695,720</u>	<u>1,784,975</u>
Total							<u>80,643,971</u>	<u>97,858,791</u>

As at 31 December 2024, the interest payable on bonds included in the book value accrued by the Group based on the effective interest rate method is RMB1,275.40 million (As at 31 December 2023: RMB1,210.18 million).

- (i) As at 31 December 2024, bonds in issue with a balance of nil are classified as current liabilities maturing within one year.
- (ii) As at 31 December 2024, the bonds issued by the Group are not guaranteed except for CSCIF A N2508、CSCIF A N2504、CSCIF A N2604、CNY500,000,000 3.45 per cent. Guaranteed Notes due 2026、CNY710,000,000 3.45 per cent. Guaranteed Notes due 2026、CNY790,000,000 3.45 per cent. Guaranteed Notes due 2026、CSCIFHK N2705、USD150,000,000 FRN Guaranteed Notes due 2027、USD100,000,000 FRN Guaranteed Notes due 2027. As at 31 December 2023, the bonds issued by the Group are not guaranteed except for CSCIF A N2508、CSCIF A N2406、CSCIF A N2504、CSCIF A N2604、CNY500,000,000 3.45 per cent. Guaranteed Notes due 2026、CNY710,000,000 3.45 per cent. Guaranteed Notes due 2026、CNY790,000,000 3.45 per cent. Guaranteed Notes due 2026.
- (iii) As at 31 December 2024, the Group had structured notes named “Zhiyingbao series” and “Kanzhangbao series”. These structured notes are not guaranteed and accrue interests at fixed annual rate or floating rate linked to one or more stock indexes, of which the fixed annual rate was 2.40%. Both the principal and interest are payable at maturity.

As at 31 December 2023, the Group had structured notes named “Gushouxin series”, “Zhiyingbao series” and “Kanzhangbao series”. These structured notes are not guaranteed and accrue interests at fixed annual rate or floating rate linked to one or more stock indexes, of which the fixed annual rate were 2.55% to 3.40%. The interest of the structured notes is paid in installments, and the principal is paid at maturity, or both the principal and interest are payable at maturity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024  
(In RMB thousands, unless otherwise stated)

### 44 SHARE CAPITAL

All shares issued by the Company are fully paid common shares, with a notional value of RMB1 per share. The number of shares and nominal value of the Company's share capital are as follows:

	31 December 2024	31 December 2023
Registered, issued and fully paid ordinary shares of RMB1 each (in thousands)		
– A shares	6,495,671	6,495,671
– H shares	1,261,024	1,261,024
Total	7,756,695	7,756,695

### 45 OTHER EQUITY INSTRUMENTS

	31 December 2024	31 December 2023
Perpetual subordinated bonds	29,825,830	24,906,528

Other equity instruments of the Group are as follows:

- In August 2019, the Company issued the first tranche of perpetual subordinated bonds of 2019 amounted to RMB5 billion, redeemed in full in August 2024.
- In March 2020, the Company issued the first tranche of perpetual subordinated bonds of 2020 amounted to RMB5 billion.
- In May 2021, the Company issued the first tranche of perpetual subordinated bonds of 2021 amounted to RMB5 billion.
- In March 2022, the Company issued the first tranche of perpetual subordinated bonds of 2022 amounted to RMB4.5 billion.
- In June 2022, the Company issued the second tranche of perpetual subordinated bonds of 2022 amounted to RMB3.5 billion.
- In August 2022, the Company issued the third tranche of perpetual subordinated bonds of 2022 amounted to RMB2 billion.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 45 OTHER EQUITY INSTRUMENTS (CONTINUED)

- In January 2024, the Company issued the first tranche of perpetual subordinated bonds of 2024 amounted to RMB4.5 billion.
- In August 2024, the Company issued the second tranche of perpetual subordinated bonds of 2024 amounted to RMB2.5 billion.
- In December 2024, the Company issued the third tranche of perpetual subordinated bonds of 2024 amounted to RMB2.9 billion.

The issuance terms related to the equity attributes of other equity instruments that existed at the end of the year mentioned above are as follows:

- The bonds are repriced every 5 interest-accruing years, and at the end of the repricing cycle, the issuer has the option to extend the bonds for another repricing cycle (another five years) or redeem them in full;
- The bonds offer no redemption option to the investors so that investors cannot require the issuer to redeem their bonds during the duration of the bonds;
- The Company has the option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the issuer may choose to defer the interest payment to the next payment date for the current period as well as all interests and accreted interests already deferred according to the related terms, without any limitation with respect to the number of deferrals. Mandatory interest payment events are limited to dividend distributions to ordinary equity holders and reductions of registered capital;
- The priority over repayment of the above perpetual subordinated bonds is subordinated to the Company's general debts and other subordinated debt, unless in the event of liquidation of the Company, investors of these bonds cannot require the Company to accelerate payment of bonds' principals.

The perpetual subordinated bonds issued by the Company are classified as equity instruments, and recognized under equity in the consolidated statement of financial position. As at 31 December 2024, the interest payable of perpetual subordinated bonds was RMB665.62 million (31 December 2023: RMB582.84 million), during the year ended 31 December 2024, RMB983.75 million was paid (2023: RMB983.75 million).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024  
(In RMB thousands, unless otherwise stated)

### 46 RESERVES

The amounts of the Group's reserves and the related movements are presented in the consolidated statement of changes in equity.

(1) Capital reserve

Capital reserve primarily includes share premium arising from the issuance of new shares at prices in excess of par value.

(2) Surplus reserve

(i) Statutory surplus reserve

Pursuant to the Company Law of the PRC, the Company is required to appropriate 10% of its profit for the year for the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

Subject to the approval of the General Meeting, the statutory surplus reserve may be used to offset accumulated losses, if any, and may also be converted into capital of the Company, provided that the balance of the statutory surplus reserve after this capitalization is not less than 25% of the registered capital immediately before capitalization.

(ii) Discretionary surplus reserve

After making the appropriation to the statutory surplus reserve, the Company may also appropriate its after-tax profit for the year, as determined under China Accounting Standards for Business Enterprises, to its discretionary surplus reserve upon approval by the Annual General Meeting. Subject to the approval by the General Meeting, the discretionary surplus reserve may be used to offset accumulated losses, if any, and may be converted into capital of the Company.

(3) General reserve

Pursuant to the requirements of regulatory authorities, including the Ministry of Finance and the CSRC, the Company is required to appropriate 10% of its profit for the year for the general risk reserve and 10% for the transaction risk reserve (Note 3.1(23)). Regulatory reserves that are established by subsidiaries and branches in certain countries or jurisdictions outside Mainland China in accordance with the regulatory requirements in their respective territories are also included herein.

(4) Investment revaluation reserve

The investment revaluation reserve represents the fair value changes of financial assets at fair value through other comprehensive income.

(5) Foreign currency translation reserve

The foreign currency translation reserve represents the exchange difference arising from the translation of the financial statements of the subsidiaries incorporated outside Mainland China with functional currencies other than RMB.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 47 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (1) Cash and cash equivalents

	31 December 2024	31 December 2023
Cash and bank balances	46,473,105	36,620,725
Less: Restricted deposits ( <i>Note 32</i> )	(715,137)	(546,536)
Interest receivable	(6,763)	(5,962)
Cash and cash equivalents	<u>45,751,205</u>	<u>36,068,227</u>

#### (2) Changes in liabilities arising from financing

	Short-term borrowings	Short-term financing instruments payable	Bonds in issue	Total
At 1 January 2024	<u>473,460</u>	<u>37,701,659</u>	<u>102,794,444</u>	<u>140,969,563</u>
Changes from financing cashflows	<u>3,332,596</u>	<u>(122,078)</u>	<u>18,745,455</u>	<u>21,955,973</u>
Other non-cash changes				
Interest expenses	45,352	840,143	3,377,612	4,263,107
Exchange differences	6,945	30,863	17,377	55,185
Others	–	–	18,213	18,213
At 31 December 2024	<u>3,858,353</u>	<u>38,450,587</u>	<u>124,953,101</u>	<u>167,262,041</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024  
(In RMB thousands, unless otherwise stated)

### 48 INTERESTS IN STRUCTURED ENTITIES

The Group is involved with structured entities primarily through investments and asset management business. The Group determines whether to consolidate these structured entities depending on whether the Group has control over them.

#### (1) Structured entities included in consolidated financial statements

Considering that the Company or its subsidiaries acts as either the investment manager for the structured entities, or as principal in investing in part of the shares issued by the structured entities, bearing most or all the risk of the products and obtaining most or all of the variable returns, the Group therefore consolidated these structured entities in its consolidated financial statements.

As at 31 December 2024 and 31 December 2023, total assets of consolidated structured entities, the Group's investments and maximum exposure arising from its investments in consolidated structured entities are as follows:

	31 December 2024	31 December 2023
Total assets	6,831,280	6,107,982
Investments	5,469,600	4,652,507
Maximum exposure	5,552,299	4,530,015

#### (2) Interests in unconsolidated structured entities

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

Unconsolidated structured entities sponsored by the Group primarily include asset management plans and investment funds sponsored by the Group. As the manager of these structured entities, the Group invests, on behalf of its customers, the funds raised in the assets as described in the investment plan related to each structured entity. The interests held by the Group in these unconsolidated structured entities primarily include investments held directly and/or management fees, commission and performance fee earned from managed structured entities. The Group concluded that it acted as an agent rather than a principal based on its assessment of the variable return derived from these structured entities. Therefore, these structured entities are not consolidated by the Group.

For the year ended 31 December 2024, the Group earned management fee, commission and performance fee amounted to RMB931.85 million (31 December 2023: RMB898.11 million) from these unconsolidated structured entities sponsored by the Group, for which the Group held no interest in during and as at the end of the reporting year.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 48 INTERESTS IN STRUCTURED ENTITIES (CONTINUED)

#### (2) Interests in unconsolidated structured entities (Continued)

##### (i) Structured entities sponsored by the Group (Continued)

As at 31 December 2024 and 31 December 2023, the maximum exposure and the carrying amount of relevant balance sheet items of the Group arising from these unconsolidated structured entities, for which the Group held interests in as at the end of the reporting year, were set out as below:

	31 December 2024	31 December 2023
Financial assets at fair value through profit or loss		
– Carrying amount	7,793,837	8,177,908
– Maximum exposure	7,896,632	8,285,065

##### (ii) Structured entities sponsored by third party financial institutions

As at 31 December 2024 and 31 December 2023, the amount of maximum exposure and the book value of relevant balance sheet items of the Group arising from the interest held of directly invested structured entities sponsored by third party financial institutions were equal, which set out as below:

	31 December 2024	31 December 2023
Financial investments	71,734,217	59,869,290

### 49 TRANSFERRED FINANCIAL ASSETS

The Group enters into transactions in the normal course of business by which it transfers recognized financial assets to third parties or customers. In some cases where these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognize the transferred assets.

#### Repurchase transactions

Transferred financial assets that do not qualify for derecognition include debt securities held by counterparties as collateral under outright repurchase transactions. The counterparties are allowed to re-pledge those securities sold under repurchase transactions in the absence of default by the Group, but have an obligation to return the securities at the maturity of the contract. If the securities increase or decrease in value, the Group may in certain circumstances require counterparties to return part of collateral or be required to place additional collateral. For the above transactions, the Group has determined that it retains substantially all the risks and rewards of these securities and therefore does not derecognize them. A financial liability is recognized for cash received.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 49 TRANSFERRED FINANCIAL ASSETS (CONTINUED)

#### Securities lending arrangements

Transferred financial assets that do not qualify for derecognition include securities lent to customers for securities selling transactions, for which the customers provide the Group with collateral that could fully cover the credit risk exposure of the securities lent. The customers have an obligation to return the securities according to the contracts. If the securities increase or decrease in value, the Group may in certain circumstances be required to return part of collateral or require counterparties to place additional collateral. For the above transactions, the Group has determined that it retains substantially all the risks and rewards of these securities and therefore does not derecognize them.

The following table analyses the carrying amount of the above-mentioned financial assets transferred to third parties or customers that did not qualify for derecognition and their associated financial liabilities:

	31 December 2024		31 December 2023	
	Carrying amount of transferred assets	Carrying amount of related liabilities	Carrying amount of transferred assets	Carrying amount of related liabilities
Repurchase agreements	8,671,717	7,633,392	5,257,374	4,216,449
Securities lent	307,992	–	728,397	–
Total	8,979,709	7,633,392	5,985,771	4,216,449

### 50 COMMITMENTS AND CONTINGENT LIABILITIES

#### (1) Capital commitments

	31 December 2024	31 December 2023
Contracted, but not provided for	15,540	28,096

The above-mentioned capital commitments are primarily in respect of the equity investment, purchase of equipment and decoration of properties by the Group.

#### (2) Legal proceedings

The Company and its subsidiaries are subject to claims and are parties to legal and regulatory proceedings in their ordinary course of businesses. As at 31 December 2024 and 31 December 2023, management of the Group believes that the Group was not involved in any material legal, or arbitration proceedings that if adversely determined, would have material impact on its financial position or results of operations of the Group.

#### (3) Others

Group has no material contingencies that need to be disclosed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 51 RELATED PARTY DISCLOSURES

- (1) Beijing Financial Holdings Group and companies under Beijing Financial Holdings Group

As at 31 December 2024 and 31 December 2023, Beijing Financial Holdings Group Co., Ltd. ("Beijing Financial Holdings Group") owned 35.81% of the equity interest of the Company.

Beijing Financial Holdings Group was established by State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality, which is an integrated financial investment holding platform and managed as a municipal level I enterprise.

The transactions between Beijing Financial Holdings Group and the Group are in the ordinary course of business under normal commercial terms and conditions. Corresponding transactions and balances with this institution were as follows:

	Year ended 31 December	
	2024	2023
Fee and commission income	972	165
Interest income	7	34
Fee and commission expenses	(189)	(31)
Interest expenses	(6,105)	(284)
Other operating expenses and costs	(165)	(102)
	31 December	31 December
	2024	2023
<b>Assets</b>		
Cash and bank balances	255	4,094
<b>Liabilities</b>		
Accounts payable to brokerage clients	103	1
Other current liabilities	44	67

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

## 51 RELATED PARTY DISCLOSURES (CONTINUED)

### (2) Central Huijin and companies under Central Huijin

As at 31 December 2024 and 31 December 2023, Central Huijin Investment Limited ("Central Huijin") owned 30.76% of the equity interest of the Company.

Central Huijin is a wholly-owned subsidiary of China Investment Corporation, which is incorporated in Beijing, the PRC. Central Huijin has equity interests in certain other banks and non-banking financial institutions under the direction of the PRC government and does not engage in other commercial activities. Central Huijin exercises its legal rights and assumes obligations related to the Company on behalf of the PRC Government.

The Group enters into transactions with Central Huijin and its affiliated companies in the ordinary course of business under normal commercial terms. Corresponding transactions and balances with these banks and financial institutions were as follows:

	Year ended 31 December	
	2024	2023
Fee and commission income	129,491	133,079
Interest income	386,224	572,256
Fee and commission expenses	(119,596)	(124,250)
Interest expenses	(271,365)	(276,819)
Other operating expenses and costs	(9,299)	(11,199)
	31 December	31 December
	2024	2023
<b>Assets</b>		
Right-of-use assets	2,970	3,269
Accounts receivable	2,271,686	1,557,690
Financial assets at fair value through profit or loss	5,874,987	5,932,823
Financial assets at fair value through other comprehensive income	3,484,834	1,235,365
Derivative financial assets	90,158	253,956
Cash held on behalf of clients	18,880,554	13,298,349
Cash and bank balances	5,019,210	4,279,432
Other current assets	–	306
<b>Liabilities</b>		
Accounts payable to brokerage clients	9,687	4,576
Lease liabilities	2,787	3,114
Derivative financial liabilities	352,783	556,250
Financial assets sold under repurchase agreements	2,950,347	5,179,467
Placements from banks and other financial institutions	300,015	–
Short-term borrowings	1,693,744	90,622
Other current liabilities	318,931	647,033

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 51 RELATED PARTY DISCLOSURES (CONTINUED)

#### (3) Government related entities

According to the provisions of IAS 24 – Related Parties Disclosures, government entities controlled and jointly controlled by the PRC government and their subsidiaries (the “government related entities”) are also regarded as related parties of the Group.

Part of the Group’s transactions including securities and futures dealing and broking, underwriting of debt securities, purchase and sale of government bonds, and equity and debt securities issued by other government related entities are entered into with government related entities. These transactions are conducted in accordance with general commercial terms and conditions.

Directors of the Company consider that transactions with government related entities are activities conducted in the ordinary course of business under normal commercial terms and conditions, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those entities are government related. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the counterparties are government related entities.

#### (4) Other major shareholders and its related parties

The Group’s major transactions and balances with other major shareholders and its related parties were as follows:

	Year ended 31 December	
	2024	2023
Fee and commission income	50,056	35,974
Interest income	332,481	283,282
Other income	767	800
Fee and commission expenses	(27,071)	(16,157)
Interest expenses	(48,772)	(33,968)
Other operating expenses and costs	(56,786)	(31,997)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 51 RELATED PARTY DISCLOSURES (CONTINUED)

#### (4) Other major shareholders and its related parties (Continued)

The Group's major transactions and balances with other major shareholders and its related parties were as follows: (Continued)

	31 December 2024	31 December 2023
<b>Assets</b>		
Right-of-use assets	274,721	417,962
Accounts receivable	235,665	245,013
Financial assets at fair value through profit or loss	3,648,879	3,382,391
Financial assets at fair value through other comprehensive income	1,173,183	330,408
Derivative financial assets	1,911	19,144
Cash held on behalf of clients	9,938,675	13,612,953
Cash and bank balances	3,560,830	2,195,224
Other current assets	10,195	18,012
	<u>          </u>	<u>          </u>
<b>Liabilities</b>		
Accounts payable to brokerage clients	20,121	102,597
Lease liabilities	404,177	517,986
Derivative financial liabilities	2,797	380
Placements from banks and other financial institutions	200,009	–
Financial assets sold under repurchase agreements	580,246	–
Short-term borrowings	–	181,245
Other current liabilities	4,531	10,585
	<u>          </u>	<u>          </u>

#### (5) The Group's associates

The Group entered into transactions with its associates at arm's length in the ordinary course of business. Management considers that transactions between the Group and its associates are not significant.

#### (6) Key management personnel

Key management personnel are those who have the authority and responsibility to directly or indirectly plan, direct and control the Group activities, including the board of directors, the board of supervisors and other senior management personnel. In 2024, the Group's remuneration paid for key management personnel were RMB23.81 million.

For the year ended 31 December 2024, the pre-tax remuneration for Executive Directors and Supervisors includes the remuneration accrued, insurance benefits and paid out during their tenure in 2024. For Executive Directors and Supervisors who will receive remuneration from the Company during the reporting period, their final remuneration is still under confirmation, and the remaining portion will be disclosed once confirmed.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 52 FAIR VALUE AND FAIR VALUE HIERARCHY

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.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: where the inputs are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2: where the inputs are observable for the assets and liabilities, either directly or indirectly, other than quoted prices in Level 1.

Level 3: where the inputs are unobservable inputs for relevant assets or liabilities.

The Group uses valuation techniques or counterparty quotations to determine fair value when market prices are not available in active markets.

The major parameters used in valuation techniques include, among others, underlying securities prices, interest rates, foreign exchange rates, volatilities, which are all observable and available from an active market.

For certain unlisted equity securities (private equity securities), thinly traded equity securities, subordinated tranche of asset-backed securities, certain over-the-counter derivative contracts and trust plans, the management uses counterparty quotations or valuation techniques to determine their fair value. Valuation techniques used primarily include discount cash flow model, option pricing model and comparable companies methods, etc. The fair value measurement of these financial instruments may use unobservable inputs that may have significant impact on the valuation results, and therefore, the Group includes them as Level 3 assets and liabilities. The unobservable parameters that may have impacts on the valuation include, among others, liquidity discount, price to book ratio and volatility of underlying assets. As at 31 December 2024 and 31 December 2023, the fair value of the financial assets and liabilities classified under level 3 is not significantly sensitive to a reasonable change in these unobservable inputs. The Group has implemented internal control procedures to monitor and control the Group's exposures to such financial instruments.

For ongoing fair value measured assets and liabilities, the Group determines at the end of each reporting period whether there is a transition between the hierarchies by reassessing the classification (based on the lowest hierarchy input that has a material impact on the overall fair value measurement).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 52 FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

(1) Financial instruments recorded at fair value

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
– Debt instruments	6,651,518	95,740,764	27,810	102,420,092
– Equity investments	17,747,067	385,432	8,457,884	26,590,383
– Fund investments	9,786,076	11,694,328	–	21,480,404
– Others	271,759	45,352,788	5,855,990	51,480,537
Subtotal	34,456,420	153,173,312	14,341,684	201,971,416
Financial assets at fair value through other comprehensive income				
– Debt instruments	–	77,559,632	–	77,559,632
– Equity investments	1,363,924	13,456,341	1,400	14,821,665
Subtotal	1,363,924	91,015,973	1,400	92,381,297
Derivative financial assets	742,899	1,453,390	1,161,920	3,358,209
Total assets	36,563,243	245,642,675	15,505,004	297,710,922
Financial liabilities at fair value through profit or loss				
– Financial liabilities held for trading	–	2,417,316	–	2,417,316
– Financial liabilities designated as at fair value through profit or loss	–	546,666	6,141,480	6,688,146
Subtotal	–	2,963,982	6,141,480	9,105,462
Derivative financial liabilities	482,565	1,358,899	2,230,728	4,072,192
Total liabilities	482,565	4,322,881	8,372,208	13,177,654

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 52 FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

(1) Financial instruments recorded at fair value (Continued)

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
– Debt instruments	6,174,156	102,713,948	30,898	108,919,002
– Equity investments	31,745,623	442,951	8,830,833	41,019,407
– Fund investments	9,627,882	5,955,537	–	15,583,419
– Others	31,172	42,644,332	5,995,087	48,670,591
Subtotal	47,578,833	151,756,768	14,856,818	214,192,419
Financial assets at fair value through other comprehensive income				
– Debt instruments	–	75,736,268	–	75,736,268
– Equity investments	65,588	–	1,400	66,988
Subtotal	65,588	75,736,268	1,400	75,803,256
Derivative financial assets	792,254	979,498	2,413,399	4,185,151
Total assets	48,436,675	228,472,534	17,271,617	294,180,826
Financial liabilities at fair value through profit or loss				
– Financial liabilities held for trading	585	1,429,579	–	1,430,164
– Financial liabilities designated as at fair value through profit or loss	–	195,579	8,518,567	8,714,146
Subtotal	585	1,625,158	8,518,567	10,144,310
Derivative financial liabilities	415,983	1,174,300	2,770,275	4,360,558
Total liabilities	416,568	2,799,458	11,288,842	14,504,868

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 52 FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

#### (2) Movements in Level 3 Financial Instruments measured at fair value

Movements in Level 3 Financial Instruments measured at fair value in each year are as follows:

	Year ended 31 December 2024				
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Derivative financial assets	Financial liabilities at fair value through profit or loss	Derivative financial liabilities
1 January 2024	14,856,818	1,400	2,413,399	8,518,567	2,770,275
Total gains or losses for the year	194,865	–	(694,195)	559,981	21,056
Increases	5,260,389	–	655,838	4,247,196	3,885,224
Decreases	(4,515,976)	–	(1,213,122)	(7,184,264)	(4,445,827)
Transfers to Level 1 from Level 3	(1,373,448)	–	–	–	–
Transfers to Level 2 from Level 3	(80,964)	–	–	–	–
31 December 2024	<u>14,341,684</u>	<u>1,400</u>	<u>1,161,920</u>	<u>6,141,480</u>	<u>2,230,728</u>
Gains or losses for the year included in profit or loss for assets/liabilities held at the end of the year	<u>194,865</u>	<u>–</u>	<u>(694,195)</u>	<u>(559,981)</u>	<u>(21,056)</u>

	Year ended 31 December 2023				
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Derivative financial assets	Financial liabilities at fair value through profit or loss	Derivative financial liabilities
1 January 2023	13,572,435	401	1,254,931	10,945,894	1,518,921
Total gains or losses for the year	(317,454)	(401)	805,410	(60,535)	(1,801,407)
Increases	9,346,579	1,400	510,231	6,332,805	6,126,832
Transfers to Level 3 from Level 1	40,914	–	–	–	–
Decreases	(7,414,968)	–	(157,173)	(8,677,958)	(3,074,071)
Transfers to Level 1 from Level 3	(370,688)	–	–	–	–
Transfers to Level 2 from Level 3	–	–	–	(21,639)	–
31 December 2023	<u>14,856,818</u>	<u>1,400</u>	<u>2,413,399</u>	<u>8,518,567</u>	<u>2,770,275</u>
Gains or losses for the year included in profit or loss for assets/liabilities held at the end of the year	<u>(317,454)</u>	<u>(401)</u>	<u>805,410</u>	<u>60,535</u>	<u>1,801,407</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 52 FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

- (3) Important unobservable input value in fair value measurement of Level 3

The fair value of financial instruments under Level 3 are primarily determined by discounted cash flow model, option pricing model and comparable companies methods, etc. Determinations to classify fair value measures within Level 3 of the valuation hierarchy are primarily based on the significance of the unobservable inputs which mainly include liquidity discount, price to book ratio, volatility of underlying assets, etc. to the overall fair value measurement.

- (4) Transfers between Level 1 and Level 2

During the year ended 31 December 2024, the amount of financial assets at fair value through profit and loss from Level 2 to Level 1 were RMB11.45 million, while the amount of financial assets at fair value through profit and loss from Level 1 to Level 2 were RMB51.30 million.

During the year ended 31 December 2023, the amount of financial assets at fair value through profit and loss from Level 2 to Level 1 were RMB38.23 million, while the amount of financial assets at fair value through profit and loss from Level 1 to Level 2 were RMB2,488.14 million. The amount of Derivative financial assets from Level 1 to Level 2 were RMB458.60 million.

- (5) Financial assets and financial liabilities not measured at fair value

The information below summarizes the carrying amounts and fair values of those financial assets and liabilities not measured at fair value in the consolidated statement of financial position. Financial assets and financial liabilities for which the carrying amounts approximate fair value, including financial assets held under resale agreements, refundable deposits, margin accounts, accounts receivable, cash held on behalf of clients, cash and bank balances, lease liabilities, accounts payable to brokerage clients, financial assets sold under repurchase agreements, placements from banks and other financial institutions, short-term borrowings and short-term financing instruments payable are not listed in the table below.

As at 31 December 2024 and 31 December 2023, the carrying amounts and fair value of bonds in issue (including bonds in issue with maturity within one year) are summarized below:

	31 December 2024	31 December 2023
Bonds in issue (including bonds in issue with maturity within one year)		
– Carrying amount (Notes 42 and 43)	124,953,101	102,794,444
– Fair value	127,855,846	103,291,191

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT

The management considers effective risk management a critical element in ensuring the Group's successful operations. Therefore, the Group has established a set of comprehensive risk management and internal control systems to enable the Group to monitor, evaluate and manage various financial risks in its business activities, including primarily credit risk, liquidity risk, market risk and operational risk, etc.

The Group's risk management and control system is not significantly changed compared to 31 December 2023.

Structure of risk management

#### The Board

The Board of Directors is the Company's highest decision-making body in risk management, the executive management is the execution body, whilst different units are responsible for directly managing the risks they face in their business or operational activities. The Company has three dedicated risk control departments, namely the Risk Management Department, the Legal and Compliance Department and the Audit Department, which independently monitor and manage risks before the event, during the event and after the event, as per their respective roles and responsibilities.

The Board of Directors is the Group's highest decision-making body in risk management, which makes decisions with respect to the Group's overall risk management strategies and policies, fundamental systems, internal control arrangements, and actions to address material risks faced by the Group, among other things.

The Risk Management Committee under the Board of Directors is responsible for supervising the overall risk management of the Group and ensuring the associated risks are adequately managed so that risk management activities can be effectively carried out through the Group's business and operating activities. The Board's Risk Management Committee also has the following responsibilities: preparing the overall risk management policies for the Board's deliberation; determining the strategic structure and resources for risk management so that they are aligned with the internal risk management policies; setting limits for major risks; and supervising and reviewing the risk management policies and making recommendations to the Board.

#### The Operation Management

The Company's Executives Committee makes overall decisions with respect to the prevention, control, mitigation, or acceptance of risks in the Group's business and operating activities and makes decisions on efforts to improve the internal control rules and procedures and control measures in accordance with the risk management policies adopted by the Board.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Structure of risk management (Continued)

#### The Operation Management (Continued)

The Company Risk Management Committee of the Executives Committee is responsible for discussing and proposing the Group's risk preference and tolerance as well as overall risk limits, important specific risk limits and risk control criteria for further decision-making; review and approval of specific risk limits and risk control criteria for each business lines; drafting and promoting the implementation of various risk management rules and measures; review and approval of new businesses and products; review and approval of the Group's risk reports and routine compliance risk reports; and formulating risk control strategies and plans for material business matters.

The Chief Risk Officer of the Company is responsible for leading risk management activities across the Company, including organizing the formulation of relevant risk management rules and procedures, improving the Group's comprehensive risk management practices, organizing the pilot work of consolidated risk control and monitoring, and guiding the Risk Management Department in the identification, evaluation, monitoring and reporting of various risks.

#### The Department, Branch and Subsidiary

Each and every department and branch/subsidiary of the Group, whose responsible person assumes primary responsibility for the risk management of the unit, within their respective roles and responsibilities, is responsible for following the decisions, rules and procedures, and risk management policies, and implementing risk-control measures and engaging in direct risk control efforts in their business activities. Every staff of the Group has the responsibility of diligence, prudent prevention and timely reporting on the effectiveness of risk management.

The Risk Management Department that is responsible for risk management of the Group, the Legal and Compliance Department that is responsible for legal affairs and compliance management, and the Audit Department that is responsible for the Group's internal audit activities are the three independent risk management functions that establish their own rules and procedures and operate independently to promote risk management of the Group. Specifically, the Risk Management Department is responsible for risk management before and during the event through risk monitoring and assessment, the Legal Compliance Department is responsible for managing the overall legal and compliance risks of the Group, and the Audit Department is responsible for conducting audits to identify material defects in key rules and procedures and processes, as well as internal control weakness, and supervising corrections and rectifications.

In addition, pursuant to the needs of risk management in investment banking business, aligned with the regulatory requirements, the Company has established the Internal Audit Department. Through such review at the company level, the Company conducts final risk control prior to the delivery of investment banking projects, and assumes the decision making responsibility of the ultimate approval of materials and documents to be submitted, reported, issued or disclosed in the name of the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

#### Risk management activities

The Risk Management Department works with business and management departments to identify major risks and critical controls during the course of different business and management activities, issue the “Risk Classification and Key Control List”, and continue to update the same in light of business changes and monitoring findings.

The Group establishes a before-the-event risk control mechanism. It focuses on each of the main business lines to formulate specific risk limits and risk control standards, and has explicit procedures of risk control; the Risk Management Department and the Legal and Compliance Department have involved in the review of new businesses and new products, and participated in the before-the-event evaluation for important projects and the operation system, and have expressed their opinions independently; important risk control parameters are directly under the management and control of the Risk Management Department, which also conducts independent verification for valuation model of financial instruments before going online.

The Risk Management Department formulates the risk monitoring processes and indicators for key business and management lines. In particular, risk monitoring indicators for brokerage business, proprietary business, securities financing business, asset management business and custodian business as well as risk control indicators including net capital are monitored through the monitoring system, while the risk monitoring for other business or management lines primarily relies on regular and ad hoc monitoring by means of on-site monitoring, risk information reporting, data access and regular meetings.

The Company also formulates operational process for risk assessment, and determines main assessment methods and qualitative and quantitative risk rating criteria for various types of risks. The Risk Management Department assesses and rates the risk matters on an ongoing basis, evaluates the control of major business risks on a regular basis, and conducts comprehensive year-end assessments of the risk control process, risk events and positions, and risk incidents of the departments, branches and subsidiaries as a key component of their performance assessment.

The Group has formulated guidelines for various types of risk management and control, including market risk, credit risk, operational risk, liquidity risk and reputation risk, in order to guide and regulate the response to risks in various business lines. The Group has established crisis management mechanism and programs, and has formulated effective contingency response measures and plans for various businesses, especially for key risks and emergencies such as liquidity crisis, accidents on transaction system and major reputational events, while emergency response mechanism has been established and is drilled sporadically on a regular or irregular basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

#### Risk management activities (Continued)

The Risk Management Department establishes a mechanism for the transfer of risk information and significant risk warnings. The Group establishes the risk information management mechanism, including transferring and managing risk information, and providing significant risk warnings. The Risk Management Department is responsible for formulating operational procedures for communicating and reporting risk information and issuing risk warnings, and the departments and branches and subsidiaries report risk information or issue warnings on potential risks identified by themselves to the Risk Management Department. The Risk Management Department then manages the risk information, performs comprehensive analyzes on various risk information to identify risk control weaknesses and loopholes and propose recommendations on improving risk control, reports significant risks to the Chief Risk Officer and executive management or a Risk Management Committee, and at the same time, communicates risk information to relevant departments, while tracking any follow-up activities. The Risk Management Department prepares risk reports and risk control recommendation reports according to the results on risk identification, monitoring and assessment, and reports the findings to involved parties and the executive management of the Company. The Risk Management Department continuously monitors risks and the risk control status by following up on the implementation of risk control recommendations by relevant parties in managing risks identified in the risk reports.

#### Risk analysis and control

Financial risks in the Group's daily operating activities primarily include market risk, liquidity risk, credit risk, and operational risk. The Group has established specific policies and procedures to identify and address these risks, set out appropriate risk limits and internal control processes to manage these risks, and built integrated control system and information technology systems to continuously monitor these risks.

#### 53.1 Credit risk

Credit risks refer to the risks of an economic loss caused by the failure of customers, counterparties or issuers of debt financing instruments (also referred to as financiers) to perform their contractual obligations.

Credit risks of the Group relating to the securities financing business, which includes margin financing and stock pledge repurchase agreement, are primarily attributed to a decline in value, or insufficient liquidity of collateral provided by customers; customers' failure to repay debts in full in a timely manner due to legal disputes over collateral assets; and operational misconducts including fraudulent credit information, violation of contracts and regulatory requirements. Control over credit risks for the securities financing business is managed primarily through risk management education programs for customers, credit due diligence and verification of customers, risk assessment on collateralized (pledged) securities, setup of trading limits, daily mark to market of exposure, issuing risk notification to customers, margin calls, forced position liquidation and legal recourse. The Group performs an assessment of the need for any loss allowance in accordance with the ECL model of the accounting standards of IFRS 9, and actively carries out debt recovery activities for defaulting customers.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

#### 53.1 Credit risk (Continued)

Credit risk relating to bond investments is primarily due to the decline in the creditworthiness of credit issuer of the debt financing instruments or defaults, counterparty defaults. The Group carries out due diligence for issuers and counterparties, establishes internal ratings for issuers, debts and counterparties, manages the access and size of transactions according to the internal and external rating, and controls credit risk using other tools for subsequent monitoring and management. During the year ended 31 December 2024, the Group maintains good credit quality of its investment portfolio, optimizes the issuer rating and credit granting and concentration management mechanism, strengthens risk early warning, and effectively control the loss of default.

The Group controls credit risks relating to over-the-counter derivative transactions by setting counterparty ratings and credit lines, enhancing the review of derivatives contract terms, and setting limits on the size of transactions and related credit risk exposures before transactions can take place. The Group monitors and controls credit risk exposure of counterparties within established limits by adopting mark-to-market practices of derivative transactions and related collateral as well as forced position liquidating procedures.

In order to manage the credit risk arising from the brokerage business, securities brokerage transactions in mainland China are all settled on a fully pledged basis, which enables settlement risks associated with brokerage business to be well under control. The Group strictly complies with relevant trading and settlement rules and procedures to prevent non-compliant financing operations for clients. In addition, for bond-pledged repurchase agreement transaction, through due diligence, establishment of reasonable customer limits and haircut on collateral bonds, setting standards for minimum collateral level of qualified securities and leverage ratios, concentration limits for single securities used as collateral and other measures, the Group prevents customer under-collateralisation. For option transactions, the Group takes measures including margin deposit management, limits setting and forced liquidation control to manage customers' credit risk.

Furthermore, the Company's Risk Management Department monitors credit risk on an ongoing basis, including monitoring the total amount of credit transactions and credit exposures of the same customer, tracking the qualifying credit status of counterparties and bond issuers, monitoring the collateral coverage of securities and financial business, requiring the business department to fulfill its post-investment management duties, as well as using stress testing and sensitivity analysis, amongst other techniques, to measure the credit risk of major business lines.

#### ***Expected credit loss measurement***

The measurement of the ECL allowance for the debt financial instruments measured at amortized cost and at fair value through other comprehensive income, is an area that requires the use of models and assumptions about the future economic conditions and credit behavior of the clients (such as the likelihood of customers defaulting and the resulting losses).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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### 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

#### 53.1 Credit risk (Continued)

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

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

- A financial instrument that is not credit-impaired on initial recognition is classified as “Stage 1” and has its credit risk continuously monitored by the Group;
- If a significant increase in credit risk (“SICR”) since initial recognition is identified, the financial instrument is moved to “Stage 2” but is not yet deemed to be credit-impaired;
- If the financial instrument is credit-impaired, the financial instrument is then moved to “Stage 3”.

Stage 1: The Group measures the loss allowance for a financial instrument at an amount equal to the next 12 months ECL. Stage 2 and Stage 3: The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. The Group has measured the loss allowance for these financial instruments at an amount equal to the lifetime ECL.

For financial assets applied ECL measurement and classified under Stages 1 and 2, management assesses credit loss allowances using the risk parameter modelling approach that incorporated key parameters, including probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”). For credit-impaired financial assets classified under Stage 3, management assessed the credit loss allowances by estimating the cash flows expected to arise from the financial assets after taking into consideration forward looking factors.

The measurement of ECL adopted by the management according to IFRS 9, involves judgements, assumptions and estimations.

- Selection of the appropriate models and determination of relevant key measurement parameters;
- Criteria for determining whether or not there was a significant increase in credit risk, or a default or impairment loss was incurred;
- Determination of forward-looking measurements and weightings; and
- The estimated future cash flows for the financial assets classified under Stage 3.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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### 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

#### 53.1 Credit risk (Continued)

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

###### *Measuring ECL – models and parameters*

The ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired.

The Group fully considers forward-looking information when measuring ECL. ECL is the discounted product of the PD, LGD, and EAD after considering the forward-looking impact.

- PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. For securities financing business, the Group determines the PD by borrower based on factors including the coverage ratio of underlying collateral value to margin loan (collateral to loan ratio) and the volatility of such collateral's valuation. For debt securities investments, internal credit rating is taken into consideration.
- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. For securities financing business, the Group determines LGD, based on factors including the realizable value of collateral upon forced liquidation taking into consideration the estimated volatility over the realization period. For debt securities investments, LGD is determined based on assessed publicly available information from credit rating agencies, and type of securities.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

###### *The criteria of Significant increase in credit risk (SICR)*

The Group evaluates debt financial instruments to identify whether a SICR has occurred since initial recognition at each balance sheet date. An ECL allowance of financial assets is recognized according to the stage in which the assets are classified. This takes account of what reasonable information, including forward looking information, is available to identify whether a SICR had arisen. The Group considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met.

For securities financing business, the Group sets differentiated collateral to loan ratios as triggering margin calls and force liquidation thresholds (force liquidation thresholds generally no less than 130%) against different exposures related to these transactions, based on the obligors' credit quality, operation situation, contract maturity date, the volatility and liquidity of related collateral securities, and related performance information.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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FOR THE YEAR ENDED 31 DECEMBER 2024

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## 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

### 53.1 Credit risk (Continued)

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

##### *The criteria of Significant increase in credit risk (SICR) (Continued)*

For securities financing business, the Group considers securities financing business to have experienced a SICR if collateral to loan ratios are lower than the force liquidation thresholds, which means a decline in collateral valuation or the quality of the third-party collateral is significantly reduced. As at 31 December 2024 and 31 December 2023, over 95% of the securities financing balances of the Group were covered by collateral value of over the force liquidation thresholds of related loan or repo amounts.

For debt securities investments, the Group makes use of its internal rating measurement system's results. The Group considers debt securities investments to have experienced a SICR if the latest internal ratings of the issuers of debt securities or the debt securities themselves underwent two notches of downward migration or more, compared with those ratings as at the acquisition date; and if the latest internal rating of issuers of debt securities or the debt securities themselves were under the predetermined grading. As at 31 December 2024 and 31 December 2023, majority of the debt securities investments of the Group were rated as investment grade or above and there was no SICR.

A backstop is applied to all relevant financial assets and they are considered to have experienced a SICR if the borrower or the debtor is more than 30 days past due on its contractual payments.

The Group has used the low credit risk exemption for financial instruments, such as cash and bank accounts, settlement reserve, refundable deposits, financial assets held under resale agreements collateralized by debt securities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

#### 53.1 Credit risk (Continued)

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

##### *Definition of default and credit impairment*

The Group assesses whether a financial instrument has been credit-impaired in a manner consistent with its internal credit risk policies for managing financial instruments. The consideration includes qualitative criteria, quantitative criteria and upper limit. The Group defines a financial instrument as credit-impaired, which is fully aligned with the definition of “in default”, when it meets one or more of the following criteria:

- The debtor is more than 90 days past due on its contractual payments;
- For securities financing business, forced liquidation of a client’s position is triggered based on a predetermined threshold of loan to collateral ratios; whereby the collateral valuation falls short of the related loan or repo amounts;
- The latest internal ratings of issuers of debt securities or debt securities themselves are in default grade;
- The debtor, issuer, or counterparty is in significant financial difficulty;
- An active market for that financial asset has disappeared because of debtor’s financial difficulties;
- Concessions have been made by the Group relating to the debtor, issuer, or counterparty’s financial difficulty;
- It is becoming probable that the debtor, issuer, or counterparty will enter bankruptcy or undertake a financial restructuring, etc.

When a financial asset is considered to be credit-impaired, it may be the result of multiple events, not due to a separately identifiable event.

In summary, the “three-stage” classification criteria for securities financing business is:

- Securities financing business with collateral to loan ratios no less than the force liquidation thresholds and those past due for no more than 30 days are classified under Stage 1.
- Securities financing business with collateral to loan ratios fall below the pre-determined force liquidation thresholds but no less than 100%; or those past due for more than 30 days but no more than 90 days are classified under Stage 2.
- Securities financing business with collateral to loan ratios fall below 100%; or those past due for more than 90 days are classified under Stage 3.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

#### 53.1 Credit risk (Continued)

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

###### *Forward-looking information*

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical data analysis and identified the key economic variables impacting credit risk and ECL for each financial instrument portfolio. The Group uses these key economic variables as proxy variables to forecast under different economic scenarios and applies them in the measurement of ECL with Merton Model.

For all portfolios the Group concluded that three scenarios appropriately captured non-linearities of key economic variables. The scenario weightings are determined by a combination of statistical analysis and expert judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The Group reevaluates the quantity and characteristic of these scenarios at each balance sheet date. As at 31 December 2024 and 31 December 2023, the Group set three scenarios of optimism, base and pessimism for analysis of main product types, and the probability-weight of base scenario adopted by the Group was more than that of the other scenarios.

During 2024, the Group adopted the macroeconomic prosperity index leading index and the average guarantee ratio in the margin trading market as proxy variables for macroeconomic forward-looking forecasting, distinguished optimistic, benchmark, and pessimistic scenarios using the historical distribution of relative changes with different confidence levels.

The assessment of SICR is performed using the Lifetime PD under each of the base and other scenarios multiplied by the associated scenario weighting, as well as qualitative criteria, quantitative criteria and upper limit. The Group measures ECL as either a probability weighted 12-month ECL or a probability weighted lifetime ECL. These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024  
(In RMB thousands, unless otherwise stated)

### 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

#### 53.1 Credit risk (Continued)

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

##### *Forward-looking information (Continued)*

As at 31 December 2024, by taking current economy situation and international circumstances into comprehensive consideration, the Company updated the relevant economic indicators used for forward-looking measurement according to the latest economic forecast. As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes as at the financial statement date.

##### *Sensitivity analysis*

The allowance for credit losses is sensitive to the inputs used in internally developed models, macroeconomic variables in the forward-looking forecasts, weighting applied to economic scenarios and other factors considered when applying expert judgement. Changes in these inputs, assumptions and judgements are likely to have an impact on the measurement of ECLs.

A sensitivity analysis is performed on key economic indicators, economic scenarios and weightings assigned used in forward-looking measurement. When the assigned weightings of optimistic scenario and pessimistic scenario change by 10%, the impact on ECL recognised is not significant.

Meanwhile, the Group also uses sensitivity analysis to monitor the impact of changes to the credit risk classification of financial assets on ECL. As at 31 December 2024 and 31 December 2023, assuming there was no SICR since initial recognition, and all the financial assets in Stage 2 were moved to Stage 1, the decremental impact on ECL allowance recognized in statement of financial position would be not significant.

##### *Collateral and other credit enhancements*

The Group employed a range of policies and credit enhancements to mitigate credit risk exposure to an acceptable level. The most common of these is accepting collateral for funds advanced or guarantee. The Group determined the type and amount of collateral according to the credit risk evaluation of counterparties. The collateral under margin accounts and reverse repurchase agreements is primarily stocks, debt securities, funds etc. The management would test the market value of collateral periodically, and send margin calls according to related agreements, also monitor the market value fluctuation of collaterals when reviewing the measurement of the loss allowance.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

## 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

### 53.1 Credit risk (Continued)

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

##### *Impairment provision of securities financing business*

As at 31 December 2024, the percentage of impairment provision applied by the Group on securities financing business under the Stage 1, Stage 2 and Stage 3 were 0.74%, 2.35% and 79.76%, respectively (31 December 2023: 0.51%, 0.62% and 91.19%).

##### *Credit risk exposure analysis*

As at 31 December 2024 and 31 December 2023, the credit quality of the Group's financing exposures to customers was in good condition and over 95% of the securities financing business of the Group were with collateral to loan ratios no lower than the force liquidation thresholds. High threshold of margin loans to collateral ratios indicated that PD was low. For debt securities investments, the Group employed both open market credit ratings and internal credit ratings simultaneously as admittance criteria. The debt securities will be admitted only when the internal and external ratings criteria are met. Majority of the Group's debt securities investments were rated as investment grade (AA) or above externally.

The Group's maximum exposure to credit risk without taking into account of any collateral and other credit enhancements:

	31 December 2024	31 December 2023
Financial assets at fair value through profit or loss	168,529,957	166,043,471
Cash held on behalf of clients	122,276,940	93,944,908
Financial assets at fair value through other comprehensive income	77,559,632	75,736,268
Margin accounts	62,948,804	56,392,572
Deposits in banks	46,473,105	36,620,725
Refundable deposits	12,829,143	12,741,491
Financial assets held under resale agreements	11,103,213	13,942,296
Derivative financial assets	3,358,209	4,185,151
Others	9,501,533	10,114,490
Total maximum credit risk exposure	514,580,536	469,721,372

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

#### 53.1 Credit risk (Continued)

##### Expected credit loss measurement (Continued)

ECL	31 December 2024 Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit- impaired)	
<b>Margin accounts</b>				
Carrying amount	63,166,158	20,813	1,423,729	64,610,700
Loss allowance	(479,621)	(488)	(1,181,787)	(1,661,896)
Book value	<u>62,686,537</u>	<u>20,325</u>	<u>241,942</u>	<u>62,948,804</u>
<b>Financial assets held under resale agreements</b>				
Carrying amount	10,949,289	–	572,552	11,521,841
Loss allowance	(8,109)	–	(410,519)	(418,628)
Book value	<u>10,941,180</u>	<u>–</u>	<u>162,033</u>	<u>11,103,213</u>
Including: Stock-pledged repurchase business				
Carrying amount	3,116,026	–	572,552	3,688,578
Loss allowance	(8,109)	–	(410,519)	(418,628)
Collateral	<u>10,732,434</u>	<u>–</u>	<u>973,391</u>	<u>11,705,825</u>
<b>Financial assets at fair value through other comprehensive income (debt instruments)</b>				
Book value	<u>77,328,185</u>	<u>231,447</u>	<u>–</u>	<u>77,559,632</u>
Loss allowance	<u>(376,169)</u>	<u>(9,475)</u>	<u>(13,362)</u>	<u>(399,006)</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

#### 53.1 Credit risk (Continued)

##### Expected credit loss measurement (Continued)

ECL	31 December 2023 Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit- impaired)	
<b>Margin accounts</b>				
Carrying amount	56,674,279	6,708	1,073,108	57,754,095
Loss allowance	(288,330)	(85)	(1,073,108)	(1,361,523)
Book value	56,385,949	6,623	–	56,392,572
<b>Financial assets held under resale agreements</b>				
Carrying amount	13,765,620	50,105	656,068	14,471,793
Loss allowance	(25,442)	(267)	(503,788)	(529,497)
Book value	13,740,178	49,838	152,280	13,942,296
Including: Stock-pledged repurchase business				
Carrying amount	4,819,472	50,105	656,068	5,525,645
Loss allowance	(25,442)	(267)	(503,788)	(529,497)
Collateral	13,362,149	152,766	729,710	14,244,625
<b>Financial assets at fair value through other comprehensive income (debt instruments)</b>				
Book value	75,735,867	–	401	75,736,268
Loss allowance	(484,383)	–	(13,372)	(497,755)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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### 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

#### 53.1 Credit risk (Continued)

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

The movements of loss allowance are mainly affected by:

- Increases are primarily attributable to new financial instruments recognized, changes in PD, LGD and expected cash flow recovery rate affected by market changes, the resulted transfers amongst Stage 1, Stage 2 and Stage 3, and updates of parameters and assumptions in the ECL model;
- Reversals include the reversals caused by the redemption or disposal of financial assets;
- Transfers between stages due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired, and the corresponding measurement basis changes between the 12-month (12M) or the Lifetime basis;
- Foreign exchange and other movements include changes in foreign exchange translations for assets denominated in foreign currencies and other movements.

The Group's credit risk exposure of financial instruments for which an ECL allowance is recognized as follows according to the stage of ECL:

##### *(i) Loss allowance for margin accounts*

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2024	288,330	85	1,073,108	1,361,523
Increases	392,716	367	105,919	499,002
Reversals	(201,244)	(101)	–	(201,345)
Transfer:				
Stage 1 to Stage 2	(210)	210	–	–
Stage 1 to Stage 3	(97)	–	97	–
Stage 2 to Stage 1	73	(73)	–	–
Foreign exchange and other movements	53	–	2,663	2,716
31 December 2024	479,621	488	1,181,787	1,661,896

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

#### 53.1 Credit risk (Continued)

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

##### *(i) Loss allowance for margin accounts (Continued)*

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2023	203,600	911	1,071,317	1,275,828
Increases	198,725	78	–	198,803
Reversals	(115,254)	(5)	–	(115,259)
Transfer:				
Stage 1 to Stage 2	(7)	7	–	–
Stage 1 to Stage 3	(52)	–	52	–
Stage 2 to Stage 1	906	(906)	–	–
Foreign exchange and other movements	412	–	1,739	2,151
31 December 2023	288,330	85	1,073,108	1,361,523

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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(In RMB thousands, unless otherwise stated)

### 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

#### 53.1 Credit risk (Continued)

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

##### *(ii) Loss allowance for financial assets held under resale agreements*

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2024	25,442	267	503,788	529,497
Increases	6,492	–	8,879	15,371
Reversals	(23,825)	(267)	(102,148)	(126,240)
31 December 2024	8,109	–	410,519	418,628

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2023	26,565	1,277	501,829	529,671
Increases	11,919	–	1,959	13,878
Reversals	(13,042)	(1,010)	–	(14,052)
31 December 2023	25,442	267	503,788	529,497

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

#### 53.1 Credit risk (Continued)

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

##### *(iii) Loss allowance for financial assets at fair value through other comprehensive income (debt instruments)*

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2024	484,383	–	13,372	497,755
Increases	186,972	7,794	401	195,167
Reversals	(293,623)	–	(411)	(294,034)
Transfer:				
Stage 1 to Stage 2	(1,681)	1,681	–	–
Foreign exchange and other movements	118	–	–	118
31 December 2024	376,169	9,475	13,362	399,006

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2023	729,656	–	13,372	743,028
Increases	257,227	–	–	257,227
Reversals	(502,502)	–	–	(502,502)
Foreign exchange and other movements	2	–	–	2
31 December 2023	484,383	–	13,372	497,755

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

#### 53.2 Liquidity risk

Liquidity risks refer to the risks that the Group is unable to acquire sufficient funds in a timely manner at a reasonable cost, in response to repay due debts, fulfill other payment obligations and meet other funding needs during normal course of business.

The Group has established clear decision-making levels, authority delegation and risk control rules and procedures, and clearly defined the roles and responsibilities of the Board of Directors, executive management and business departments in liquidity risk control. The Asset and Liability Management Committee of the Executives Committee is responsible for organizing and managing the asset and liability allocation plan of the Group, reviewing and approving the internal valuation interest rate of capital and emergency plans for liquidity risk. The Group established the Treasury Department to initiate the management of the liquidity of its proprietary funds, accounting for expanding mid – and long-term stable funding channels, reasonably adjusting the asset allocation among various business lines, and steadily optimizing its assets and liabilities structure. The Group implements liquidity risk limits management and conducts daily and monthly liquidity position analyzes to manage liquidity movements. For effective management of market liquidity risk of its securities portfolios, the Group has implemented securities centralization management for securities investment and financing activities, and has adopted credit rating criteria for fixed-income securities investments. The Group has improved its daily practice for liquidity risk management and control mechanism with the assistance of liquidity reserve asset management system, refining internal funds transfer pricing (FTP) system, as well as establishing and optimizing liquidity emergency plans and stress tests. During the year ended 31 December 2024, The Company has revised the Guidelines for Liquidity Risk Management to further standardize division of responsibilities, risk identification, risk control measures, etc. The Company has appropriately planned its scale and structure of assets and liabilities, maintained a reasonable debt maturity structure and sufficient liquidity reserve, evaluate liquidity risk through stress testing and ensured its regulatory liquidity coverage ratio and net stable funding ratio were being fully complied with, and its liquidity risk was closely monitored and controlled.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

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### 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

#### 53.2 Liquidity risk (Continued)

The maturity profile of the financial liabilities as at the end of the reporting year, based on their contractual undiscounted payments, is as follows:

	31 December 2024					Total
	Overdue/ repayable on demand	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Accounts payable to brokerage clients	130,641,940	–	–	–	–	130,641,940
Derivative financial liabilities	3,769,240	134,820	166,822	1,310	–	4,072,192
Financial liabilities at fair value through profit or loss	2,963,983	343,289	3,145,154	2,501,406	151,630	9,105,462
Financial assets sold under repurchase agreements	5,203,044	107,216,634	1,324,799	–	–	113,744,477
Placements from banks and other financial institutions	–	800,075	–	–	–	800,075
Short-term borrowings	–	3,862,442	–	–	–	3,862,442
Short-term financing instruments payable	–	3,389,503	35,428,748	–	–	38,818,251
Bonds in issue	–	4,065,790	16,907,220	91,785,590	13,494,100	126,252,700
Lease liabilities	–	175,220	436,278	674,479	8,689	1,294,666
Others (i)	26,665,485	3,809,673	6,816,927	2,358	886	37,295,329
<b>Total</b>	<b>169,243,692</b>	<b>123,797,446</b>	<b>64,225,948</b>	<b>94,965,143</b>	<b>13,655,305</b>	<b>465,887,534</b>
Cash flows from derivative financial liabilities settled on a net basis	3,769,240	7,487	–	–	–	3,776,727
Gross-settled derivative financial liabilities	–	127,333	166,822	1,310	–	295,465
Contractual amounts receivable	–	–	–	–	–	–
Contractual amounts payable	–	127,333	166,822	1,310	–	295,465

(i) Others mainly include derivative business payables and bonds in issue with maturity within one year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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### 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

#### 53.2 Liquidity risk (Continued)

The maturity profile of the financial liabilities as at the end of the reporting year, based on their contractual undiscounted payments, is as follows: (Continued)

	31 December 2023					Total
	Overdue/ repayable on demand	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Accounts payable to brokerage clients	100,923,675	–	–	–	–	100,923,675
Derivative financial liabilities	3,811,009	222,587	326,886	76	–	4,360,558
Financial liabilities at fair value through profit or loss	1,625,743	1,422,656	2,136,663	4,708,410	250,838	10,144,310
Financial assets sold under repurchase agreements	3,378,120	121,916,392	4,243,209	–	–	129,537,721
Placements from banks and other financial institutions	–	400,088	1,522,295	–	–	1,922,383
Short-term borrowings	–	474,588	–	–	–	474,588
Short-term financing instruments payable	–	15,663,599	22,513,717	–	–	38,177,316
Bonds in issue	–	378,137	2,057,897	69,147,702	18,594,700	90,178,436
Lease liabilities	–	149,626	378,043	1,091,989	13,951	1,633,609
Others <sup>(i)</sup>	29,953,913	6,675,649	17,045,097	2,031	1,483	53,678,173
<b>Total</b>	<b>139,692,460</b>	<b>147,303,322</b>	<b>50,223,807</b>	<b>74,950,208</b>	<b>18,860,972</b>	<b>431,030,769</b>
Cash flows from derivative financial liabilities settled on a net basis	3,811,009	197,101	261,407	38	–	4,269,555
Gross-settled derivative financial liabilities	–	25,486	65,479	38	–	91,003
Contractual amounts receivable	–	22,917	7,442	–	–	30,359
Contractual amounts payable	–	2,569	58,037	38	–	60,644

(i) Others mainly include bonds in issue with maturity within one year and derivative business payables.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

#### 53.2 Liquidity risk (Continued)

The table below analyzes the Group's lease agreements, which were committed as at 31 December 2024 and 31 December 2023 but not commenced into the relevant maturity groupings based on their contractual maturities:

	31 December 2024				Total
	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Lease liabilities	4,655	6,115	10,412	7,266	28,448

	31 December 2023				Total
	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Lease liabilities	16,124	16,071	42,979	11,561	86,735

#### 53.3 Market risk

Market risk represents risk of fluctuations in fair values or future cash flows of financial instruments due to movements in market prices. Market risks primarily include stock price risk, interest rate risk, foreign exchange rate risk, and other price risks.

For market risks, the Group has established a sound risk management organizational structure and built risk management processes that enables end-to-end coverage of investment activities before, during and after making the investments, with risk limits applied to every investment. The Group annually reviews and approves risk limits for the Group as well as each and every proprietary business lines, including exposure limits, stop-loss limits, VaR limits, sensitivity index limit and stress testing limits, and charges the Risk Management Department to monitor and supervise their implementation and compliance. The Group has adopted daily mark-to-market practices, and implemented stop-loss procedures commensurate with its trading strategies. On a regular basis, the Group assesses the risk tolerance of its proprietary business lines, the effectiveness of its risks control and the income level after risk adjustments, and includes the assessment results in the performance evaluation of these business lines. The Group makes on-going efforts to improve its proprietary business management system, including automated controls over relevant limit indicators.

During the year ended 31 December 2024, while the Group earns reasonable investment returns, market risks are effectively controlled within the scope of various risk limit indicators.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

## 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

### 53.3 Market risk (Continued)

#### (1) Value at risk (VaR)

The Group adopts VaR as a tool to measure the market risk of its entire securities investment portfolio comprising different types and varieties of financial instruments. VaR is a method that estimates the maximum possible loss on the portfolio due to movements in market interest rates or securities prices over a specified time period and within a given confidence level.

The VaR of the Group's investment portfolio is calculated using the portfolio's historical data information. Although VaR analysis is a key instrument for measuring market risk, it has to rely on historical data and relevant information, and accordingly, it has certain inherent limitations so that it may not accurately predict the future changes of risk factors and in particular, cannot effectively reflect the risk under extreme market conditions. As a supplementary measure, the Group implements daily and specific stress tests to assess the impact on extreme adverse movements in risk indicators to the net capital of the Group and the profit and loss on proprietary portfolio and proposes emergency plans with relevant recommendations and measures accordingly.

Consistent with its internal risk management policy and comparable with peers, the Group's VaR was computed at a confidence level of 95% and with a holding period of 1 trading day. The Group's VaR analysis by risk categories is summarized as follows (in RMB thousands):

	31 December 2024	31 December 2023
Equity price-sensitive financial instruments	114,255	78,293
Interest rate-sensitive financial instruments	151,694	103,921

#### (2) Interest rate risk

Interest rate risk represents the risk of losses to the fair values or future cash flows of financial instruments due to adverse movements in market interest rates. The Group's interest rate risk primarily comes from the interest rate-sensitive financial instruments whose fair values are subject to changes due to adverse movements in market interest rates.

The Group primarily uses interest rate sensitivity analysis to monitor its interest rate risk. Sensitivity analysis measures the impact of fair value changes of financial instruments held at the period-end on the Group's total revenue and total equity when reasonable and possible changes occur to interest rates, assuming all other variables remain the same and market interest rates shift in a parallel manner and not considering any risk management actions that the management may take to reduce its interest rate risk.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

## 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

### 53.3 Market risk (Continued)

#### (2) Interest rate risk (Continued)

Interest rate sensitivity analysis of the Group are as follows (in RMB thousands):

Sensitivity to revenue	31 December 2024	31 December 2023
Change in basis points		
+ 25 basis points	(817,797)	(738,185)
– 25 basis points	830,320	743,967
Sensitivity to equity	31 December 2024	31 December 2023
Change in basis points		
+ 25 basis points	(376,226)	(380,066)
– 25 basis points	384,823	383,365

#### (3) Foreign currency rate risk

As at 31 December 2024, the foreign exchange exposure is approximately RMB3,651 million (31 December 2023: RMB1,342 million). The Group manages its foreign exchange rate risk by implementing integrated management of domestic and foreign Fixed-Income securities, Currencies and Commodities (FICC) and derivatives business, and manages its foreign exchange risk by limiting the scale of foreign-currency-denominated assets and liabilities and the comprehensive position of foreign exchange settlement and sales, setting the Company's self-operated investment stop-loss limit, risk exposure limit, and using foreign exchange derivative risk hedging tools. The majority of its income-generating business activities under the current structure are conducted in RMB, with only a small increase denominated in foreign currencies. Given the small portion of the foreign-currency-denominated businesses in both its assets and liabilities portfolio and income structure, the Group believes that its foreign exchange rate risk has an insignificant impact on its current operations.

#### (4) Other price risks

Other price risks refer to risks of fair value decline to the Group's investment portfolio due to fluctuations in market prices other than stock prices, interest rates, and foreign exchange rates, including primarily commodity prices. The Group's investment portfolio primarily comprises equity securities, fixed income businesses as well as their derivative instruments. Other market price-related businesses include gold trading and commodity derivatives trading where the Group primarily focuses on providing liquidity services and arbitrage trading with insignificant risk exposure. Accordingly, the Group believes that the other price risks do not have a significant impact on the Group's current operations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

#### 53.4 Capital management

The Group's objectives of capital management are:

- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for equity holders and benefits for other stakeholders;
- To support the Group's stability and growth;
- To maintain a strong capital base to support the development of their business; and
- To comply with the capital requirements under the PRC regulations.

In accordance with Administrative Measures for Risk Control Indicators of Securities Companies (Revised 2020) (the "Administrative Measures") and Calculation Standards for Risk Control Indicators of Securities Companies (CSRC Announcement [2020] No. 10) (the "Calculation Standards") issued by the CSRC in 2020. The Company is required to meet the following standards for risk control indicators on a continual basis:

- The risk coverage ratio shall be no less than 100%;
- The capital leverage ratio shall be no less than 8%;
- The liquidity coverage ratio shall be no less than 100%;
- The net stable funding ratio shall be no less than 100%;

Risk coverage ratio = net capital/sum of various risk capital provisions x 100%;

Capital leverage ratio = core net capital/total asset on-/off-balance-sheet x 100%;

Liquidity coverage ratio = high quality liquid assets/net cash outflow in 30 days x 100%;

Net stable funding ratio = available amount of stable funding/required amount of stable funding x 100%.

Core net capital refers to net assets minus risk adjustments on certain types of assets as defined in the Calculation Standards.

In March 2020, the Group received a Notice on the Matters about the Pilot of Consolidated Risk Control and Monitoring from CSRC (Notice of Department of Institutions (2020) No. 663), which allowed the Group to officially participate in the pilot of consolidated risk control and to implement differentiated calculation standards for risk control indicators.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 54 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	31 December 2024	31 December 2023
<b>Non-current assets</b>			
Property, plant and equipment		668,221	767,278
Right-of-use assets		1,090,666	1,389,327
Investment properties		39,761	43,823
Intangible assets		818,619	784,183
Investments in subsidiaries	20	11,700,844	11,700,844
Investments in associates		59,237	55,536
Financial assets at fair value through profit or loss		987,394	1,171,896
Financial assets at fair value through other comprehensive income		14,740,805	–
Financial assets held under resale agreements		–	29,887
Refundable deposits		5,306,100	6,358,475
Deferred tax assets		–	312,368
Other non-current assets		256,349	350,624
<b>Total non-current assets</b>		<b>35,667,996</b>	<b>22,964,241</b>
<b>Current assets</b>			
Margin accounts		62,335,868	56,247,084
Accounts receivable		7,423,603	8,593,280
Financial assets at fair value through profit or loss		166,929,793	189,104,605
Financial assets at fair value through other comprehensive income		64,600,074	66,345,111
Derivative financial assets		3,479,936	4,153,051
Financial assets held under resale agreements		10,710,807	13,808,278
Cash held on behalf of clients		104,220,257	75,569,964
Cash and bank balances		42,405,984	32,186,069
Other current assets		1,299,785	965,777
<b>Total current assets</b>		<b>463,406,107</b>	<b>446,973,219</b>
<b>Total assets</b>		<b>499,074,103</b>	<b>469,937,460</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 54 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	31 December 2024	31 December 2023
<b>Current liabilities</b>		
Accounts payable to brokerage clients	104,476,718	75,772,066
Lease liabilities	548,528	430,017
Derivative financial liabilities	3,919,650	4,687,140
Financial liabilities at fair value through profit or loss	5,905,759	4,989,483
Financial assets sold under repurchase agreements	104,746,755	123,565,653
Placements from banks and other financial institutions	800,037	1,904,048
Taxes payable	657,203	184,680
Short-term financing instruments payable	34,663,933	36,908,069
Other current liabilities	50,036,783	51,582,720
<b>Total current liabilities</b>	<b>305,755,366</b>	<b>300,023,876</b>
<b>Net current assets</b>	<b>157,650,741</b>	<b>146,949,343</b>
<b>Total assets less current liabilities</b>	<b>193,318,737</b>	<b>169,913,584</b>
<b>Non-current liabilities</b>		
Bonds in issue	88,956,694	72,070,538
Financial liabilities at fair value through profit or loss	2,653,036	4,959,248
Lease liabilities	642,960	1,024,384
Deferred tax liabilities	98,831	—
Other non-current liabilities	3,243	3,514
<b>Total non-current liabilities</b>	<b>92,354,764</b>	<b>78,057,684</b>
<b>Net assets</b>	<b>100,963,973</b>	<b>91,855,900</b>
<b>Equity</b>		
Share capital	7,756,695	7,756,695
Other equity instruments	29,825,830	24,906,528
Reserves	36,845,782	34,198,319
Retained earnings	26,535,666	24,994,358
<b>Total equity</b>	<b>100,963,973</b>	<b>91,855,900</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 55 STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

	Note	Share capital	Other equity instruments	Reserves			Investment revaluation reserve	Retained earnings	Total
				Capital reserve	Surplus reserve	General reserve			
At 1 January 2024		7,756,695	24,906,528	12,428,414	6,461,218	14,733,506	575,181	24,994,358	91,855,900
Profit for the year		-	-	-	-	-	-	7,521,182	7,521,182
Other comprehensive income for the year		-	-	-	-	-	417,506	-	417,506
Total comprehensive income for the year		-	-	-	-	-	417,506	7,521,182	7,938,688
Capital injected/(reduced) by equity holders									
- Capital injected by other equity instrument holders	45	-	4,919,302	(46,113)	-	-	-	-	4,873,189
Appropriation to surplus reserve	46	-	-	-	752,118	-	-	(752,118)	-
Appropriation to general reserve	46	-	-	-	-	1,523,677	-	(1,523,677)	-
Dividends to equity holders	15	-	-	-	-	-	-	(2,637,276)	(2,637,276)
Distribution to other equity instrument holders	15	-	-	-	-	-	-	(1,066,528)	(1,066,528)
Others		-	-	-	-	-	275	(275)	-
At 31 December 2024		7,756,695	29,825,830	12,382,301	7,213,336	16,257,183	992,962	26,535,666	100,963,973

The net profit of the Company for the year ended 31 December 2024 amounted to RMB7,521 million (2023: RMB5,955 million).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 55 STATEMENT OF CHANGES IN EQUITY OF THE COMPANY (CONTINUED)

	Note	Share capital	Other equity instruments	Reserves			Investment revaluation reserve	Retained earnings	Total
				Capital reserve	Surplus reserve	General reserve			
At 1 January 2023		7,756,695	24,906,528	12,428,414	5,865,685	13,524,646	444,343	23,921,484	88,847,795
Profit for the year		-	-	-	-	-	-	5,955,325	5,955,325
Other comprehensive income for the year		-	-	-	-	-	130,838	-	130,838
Total comprehensive income for the year		-	-	-	-	-	130,838	5,955,325	6,086,163
Appropriation to surplus reserve	46	-	-	-	595,533	-	-	(595,533)	-
Appropriation to general reserve	46	-	-	-	-	1,208,860	-	(1,208,860)	-
Dividends to equity holders	15	-	-	-	-	-	-	(2,094,308)	(2,094,308)
Distribution to other equity instrument holders	15	-	-	-	-	-	-	(983,750)	(983,750)
At 31 December 2023		7,756,695	24,906,528	12,428,414	6,461,218	14,733,506	575,181	24,994,358	91,855,900

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

### 56 EVENTS AFTER THE REPORTING PERIOD

(1) Issuance of corporate bond

In March 2025, the Company publicly issued a corporate bond with a face value of RMB3.5 billion. The “25 Xintou G1” has a face value of RMB1.5 billion, with a maturity of 2 years and a nominal rate of 1.98%; the “25 Xintou G2” has a face value of RMB2.0 billion, with a maturity of 3 years and a nominal rate of 2.01%. The bond accrues interest at fixed rate per annum, pays interest annually and is not guaranteed.

(2) Issuance of perpetual subordinated bond

In January 2025, the Company publicly issued a perpetual subordinated bond with a face value of RMB2.1 billion (“25 Xintou Y1”). The bond is repriced every 5 interest-accruing years and at the end of the repricing cycle, the Company has the option to extend the bond for another repricing cycle (another five years) or redeem it in full. The bond accrues interest at floating rate with an initial fixed annual interest rate of 2.05% in the first 5 interest-accruing years and will be repriced every 5 years from the sixth years. The bond pays interest annually in case of the Company not exercising the option to defer the interest payment and is not guaranteed.

(3) Issuance of short-term commercial paper

In March 2025, the Company publicly issued a 365-day fixed rate short-term commercial paper with a face value of RMB2.0 billion (“25 Zhongxinjiantou CP001”). The short-term commercial paper pays the principal and interest at 1.93% per annum at maturity and is not guaranteed.

(4) Dividend

On 27 March 2025, the Board of directors proposes a cash dividend of RMB1.65 (tax inclusive) per 10 ordinary shares, amounting to RMB1,279.85 million (tax inclusive) in total based on 7,756,694,797 shares for the year ended 31 December 2024. Adding the amount of cash dividend already distributed during the interim period was RMB698.11 million (tax inclusive), the total amount of cash dividend for this year was RMB1,977.96 million (tax inclusive), represents 32.13% of profit for the year 2024 attributable to equity holders of the Company (excluding interest on perpetual subordinated bonds) in the consolidated financial statements. The proposal is subject to the approval by the General Meeting.