



2024

China Galaxy Securities Co., Ltd.
Sustainability & Environmental,
Social and Governance Report

金融报国 客户至上

SERVE OUR COUNTRY THROUGH FINANCE
PUT CUSTOMERS FIRST

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About this Report

This is the first Sustainability Report and the eighth Environmental, Social and Governance (ESG) Report released by China Galaxy Securities Co., Ltd. It aims to disclose the principles, management methods, efforts, and achievements of the Company in environmental, social and governance to stakeholders.

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Scope of the report

Organizational scope It is the same as that of the annual consolidated financial statements of the Company.

Company Name	Abbreviation
China Galaxy Securities Co., Ltd.	China Galaxy Securities, CGS, the Company, We
Galaxy Futures Company Limited	Galaxy Futures
Galaxy Derivatives Company	Galaxy Derivatives
Galaxy Capital Management Company Limited	Galaxy Capital
Galaxy Jinhui Securities Assets Management Co., Ltd.	Galaxy Jinhui
Galaxy Yuanhui Investment Co., Ltd.	Galaxy Yuanhui
CGS International Holdings Limited	CGI
CGS International Securities Pte. Ltd. and CGS International Securities Malaysia Sdn. Bhd.	CGS International

Time span From January 1, 2024 to December 31, 2024. Part of the contents may exceed the above-mentioned time span.

Release cycle This is an annual report. The release time of the last report is in March 2024.

Preparation guidelines of the report

This report has been prepared in accordance with the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial)*, the *Guidelines No. 1 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Standard Operation*, the *Environmental, Social and Governance Reporting Code* (effective from January 1, 2025) of the Hong Kong Stock Exchange ("HKEX") and also with reference to the *Guide No. 4 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Preparation of Sustainability Report* and the *Sustainability Reporting Standards* (2021) of Global Reporting Initiative ("GRI").

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Preparation principles of the report

This report has been prepared following the reporting principles in the *Environmental, Social and Governance Reporting Code* of the HKEX, including:

- Materiality** This report has determined the key issues that should be reported through the identification, communication, and analysis procedures of the materiality analysis.
- Quantitative** This report has disclosed KPIs, explained their meanings and presented the bases of calculation and assumptions, to make it easy to evaluate and validate the effectiveness of ESG policies and management systems.
- Balance** This report reflects objective facts and discloses indicators of both positive and negative information.
- Consistency** This report clearly presents the statistical methods and statistical standards of ESG KPIs and makes sure that the indicators and calculation methods in different reporting periods are kept consistent as far as possible to reflect changes in performance.

Data in the report

The financial data in this report are extracted from the audited annual reports of the Company and other data are obtained from the Company's internal systems or manually compiled. The currency types and amounts mentioned in this report are in RMB unless otherwise stated.

Acknowledgment and approval

This report was considered and approved by the Board of Directors on 28 March, 2025.

Third party assurance

Ernst & Young Hua Ming (LLP) is engaged to provide independent third party assurance services on selected ESG indicators disclosed in this report. Please refer to the "Third-Party Independent Assurance Report."

Publication form of the report

This report is prepared in Chinese and English. This report is released both in hard copies and online. The online version is available on the HKEXnews website (<http://www.hkexnews.hk>) of the Hong Kong Exchanges and Clearing Limited, the Shanghai Stock Exchange website (<http://www.sse.com.cn>), and the Company's official website (<https://www.chinastock.com.cn>).

ESG Statement from the Board

The year of 2024 is crucial for achieving the goals and tasks of the 14th Five-Year Plan, and it is also pivotal for the new round of strategic development planning of China Galaxy Securities. The Company accelerated the implementation and governance of its ESG concept by effectively integrating ESG factors into all aspects of corporate management and business operations and promoting the sustainability of the Company through ESG management.

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In 2024, the Company's ESG management practices were widely recognized. It was selected into the "2024 China Corporate ESG 100 Index" list jointly released by the Haiwainet of *People's Daily* and the All-China Environment Federation, and became a constituent stock of the "Hang Seng Corporate Sustainability Index Series."

"Following the footsteps of predecessors and forging new epochs of brilliance." In 2025, China Galaxy Securities will devote itself to comprehensive enhancement of ESG management efficiency by thoroughly implement the new development concept and focusing on increased resource investment in the ESG field. With the goal of becoming a leading and exemplary company on the path of ESG practice and sustainability, the Company will strive to achieve the improvement of both corporate value and social value to make contributions to the promotion of the green transformation and high-quality development of the economic society.



Strengthening governance to build an ESG management framework

The Company promoted the improvement of the ESG management framework. Responsibilities such as ESG supervision and management were explicitly defined in the *Rules of Procedure of the Board of Directors' Strategy and Development Committee* to improve the decision-making and supervision functions of the special committees of the Board of Directors regarding ESG work. At the operation management level, an ESG Management Committee chaired by the President was established. The ESG Management Committee strengthens the execution of the Company's sustainability strategy and the overall ESG management level by leading and coordinating the promotion and implementation of the ESG efforts made by all departments and subsidiaries.



Coordinating actions to enhance ESG management

In 2024, the Company's Board of Directors approved a number of ESG proposals and matters related to corporate governance, information disclosure, risk management, and compliant operation. CGS comprehensively fulfilled its responsibilities of reviewing, making decisions on, and supervising ESG-related affairs, and carried out effective supervision and assessment. To enhance the understanding and application of the ESG concept among all employees, the Company held a special training session on "ESG Policy Trends and the Current Status of Peer Management in 2024," promoting the in-depth integration of the ESG concept into daily business and operation management, so that it is internalized in the mind and externalized in actions.



Focusing on goals to fulfill key ESG efforts

The Company, based on daily communication with stakeholders, the characteristics of its business and industry, policy research, analysis of industry trends and the ESG information disclosure requirements of the Shanghai Stock Exchange and international standards, identified 24 material issues, and evaluated and ranked them according to the principle of "double materiality." For 11 of these issues with financial materiality, the Company conducted in-depth risk and opportunity analysis, carried out targeted management, set special ESG goals and continuously monitored them, promoting the effective implementation of the sustainability strategy.

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Chairman's Statement

The year of 2024 was a year that linked the past and paved the way for the future in the implementation of the new strategic plan of China Galaxy Securities. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company achieved new results in building a first-class investment bank by firmly grasping the role and positioning of a state-owned financial enterprise in the securities industry, adhering to the primacy of its functional role, deepening reform and innovation, and strengthening risk prevention and control.



President's Statement

In 2024, facing the complex and ever-changing external situation and the challenging market environment, China Galaxy Securities promoted various tasks including business operation planning, reform promotion, management strengthening, and risk prevention in an integrated manner. CGS achieved steady growth in operating performance, strived for advancement in its main business, and continuously consolidated its stable development momentum. The Company's annual operating revenue reached RMB 35.471 billion, net profit attributable to the parent company was RMB 10.031 billion, total assets exceeded RMB 737.4 billion, and net assets exceeded RMB 140 billion.



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This year demonstrated the political nature of CGS's commitment to serving the country through finance. We comprehensively implemented the spirit of the 20th National Congress of the Communist Party of China and the Third Plenary Session of the 20th Central Committee. We ensured that the Party Central Committee's centralized and unified leadership over financial work is fully implemented in the development of CGS. We effectively fulfilled our responsibilities as the "gatekeeper" and "service provider" of the capital market, served as the main force in supporting the real economy and the cornerstone for maintaining financial stability, and unswervingly followed the path of financial development with Chinese characteristics.

This year engraved the footprints of CGS's efforts in high-quality development. We actively responded to market challenges, effectively prevented and defused various risks and hidden dangers, accumulated forward momentum in promoting strategic development and serving the overall situation. We strived hard on the development track with great potential and rich opportunities. Our main business indicators remained among the top in the industry, presenting a good development report of overcoming difficulties and moving forward under pressure.

This year marked the new charm of CGS's international layout. With the gongs sounding for overseas listings of enterprises, in each offshore bond issued with our assistance, and in summit forums such as the "Two-Way Investment Forum in Southeast Asia" that we have organized, our achievements in implementing "the Belt and Road" Initiative became increasingly prominent, and our actions in facilitating the connectivity of the capital market became more conscious. The vision of building an international modern investment bank based in Asia is gradually becoming a reality.

This year embodied the mission and responsibility of CGS's proactive dedication. We learned from and applied the experience of the "Thousand Villages Demonstration and Ten Thousand Villages Renovation" Project and taken more resolute steps in assisting Jingning County and Yulu New Village. The "Insurance + Futures" model enabled tens of thousands of fruit farmers and breeders to enrich their minds and fill their pockets. The "Double Hundred Initiative" and "Warm Winter Campaign" brought the care of CGS to thousands of people and students. Creating harmonious and beautiful villages made life more livable and business more viable for thousands of people. At CGS, we are always on the way to help achieve the comprehensive revitalization of rural areas by serving the people through finance.

This year recorded the vivid practice of CGS in culture building. We inspired the feelings of love for our country and home with culture, vigorously promoted and practiced the financial culture with Chinese characteristics featuring "Five Do's and Five Don'ts." We have carried out cultural empowerment theme activities for five consecutive years around the central tasks and refreshed the cultural concept system of "ONE CGS." As one of the two companies in the industry, we have received the highest AA rating for culture building for three consecutive years, shaping the image of a state-owned financial enterprise widely recognized by society.

"Time is silent, but hard work makes a sound." The year of 2025 is the final year of the 14th Five-Year Plan, a crucial year for laying a solid foundation for a good start of the 15th Five-Year Plan, and also the 25th anniversary of the establishment of the Company. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, all employees of China Galaxy Securities will maintain unwavering determination and undiminished momentum. We will forge new epochs of China Galaxy Securities in the Chinese path to modernization by promoting reform and innovation with greater determination and more practical measures, accelerating development with a more energetic and enterprising spirit, and enhancing our core functions and core competitiveness.

Wang Sheng
China Galaxy Securities Co., Ltd.
Secretary of the Party Committee and Chairman



Xue Jun
China Galaxy Securities Co., Ltd.
Deputy Secretary of the Party Committee and President

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About Us

Company profile

China Galaxy Securities is a leading integrated financial service provider in the Chinese securities industry. With unique history, brand and shareholder advantages, an extensive business network within the industry, a large customer base and comprehensive business strength, the Company provides all-round, multi-level, professional and efficient comprehensive financial services to governments, corporations, institutions and individuals.

CHINA GALAXY SECURITIES

Basic information about China Galaxy Securities

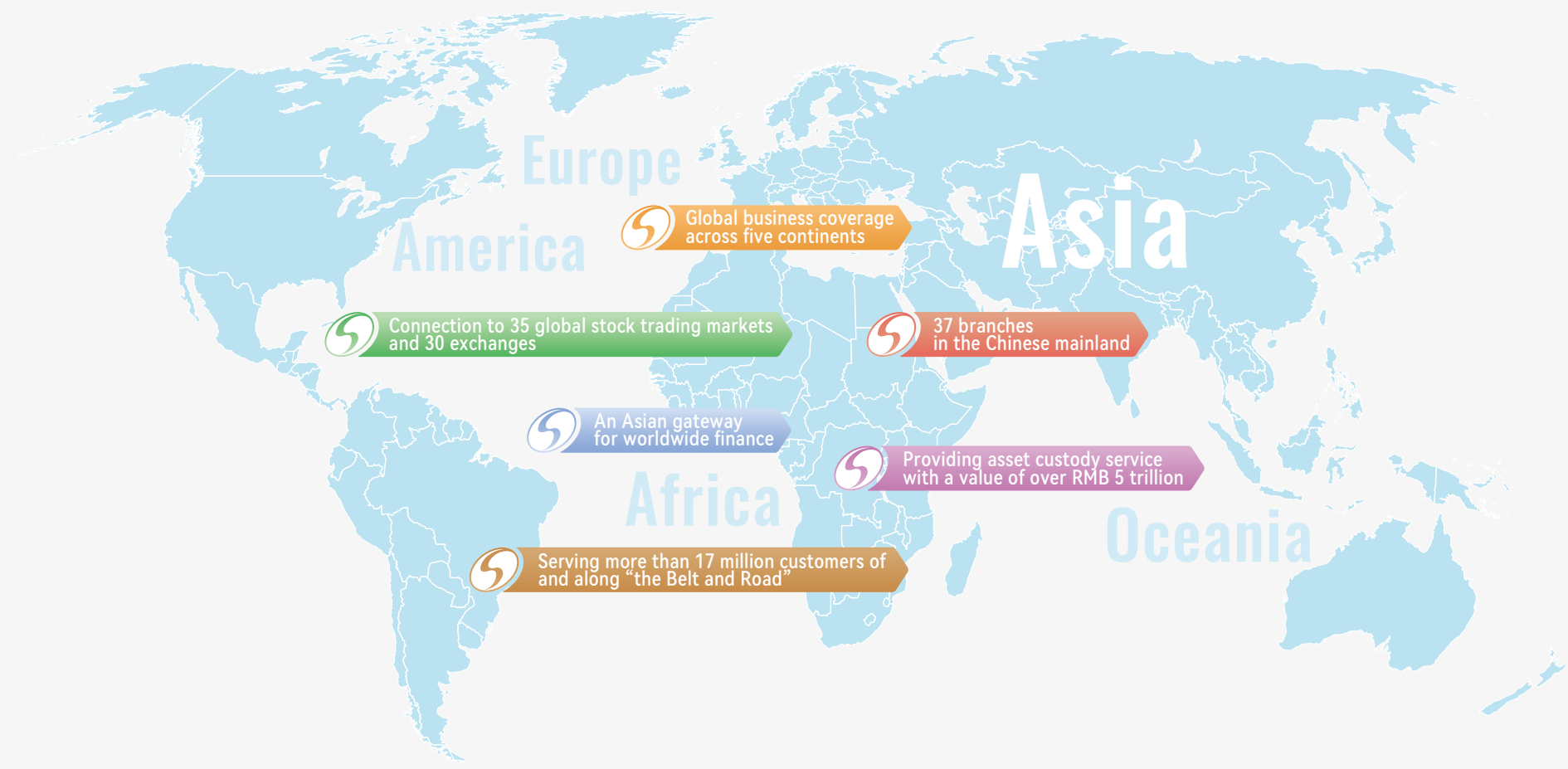
	Chinese name 中国银河证券股份有限公司		Major subsidiaries Galaxy Futures, Galaxy Capital, CGI, Galaxy Jinhui and Galaxy Yuanhui
	English name China Galaxy Securities Co., Ltd.		Total assets RMB 737,471 million
	Registered capital RMB 10,934 million		Operating revenue RMB 35,471 million
	Main business Wealth management business, investment banking business, institutional business, international business, investment trading business and parent-subsidiary integration business.		Total number of employees 14,706
	Listing A-shares Listed on the main board of the Shanghai Stock Exchange on January 23, 2017 Stock abbreviation: CGS Stock code: 601881.SH H-shares Listed on the Hong Kong Stock Exchange on May 22, 2013 Stock abbreviation: CGS Stock code: 06881.HK		

Business layout

China Galaxy Securities has presence in more than 10 countries and regions (including countries or regions involved through partnership) in the five continents and connects to 35 stock trading markets and 30 exchanges around the world.

The Company is a fully licensed securities company in China. Within the Chinese mainland, CGS has 37 branches, over 460 business departments and five subsidiaries. The Company serves more than 17 million customers of and along "the Belt and Road" and provides asset custody service with a value of over RMB 5 trillion.

As an Asian gateway for worldwide finance, CGS International has a 45-year-long operating history in Asia and is one of the securities companies that offer the most comprehensive products and services in the ASEAN region. CGS International maintains an absolute leading position in the Southeast Asian market: Its brokerage business is ahead in key markets such as Singapore, Malaysia, Indonesia, and Thailand.



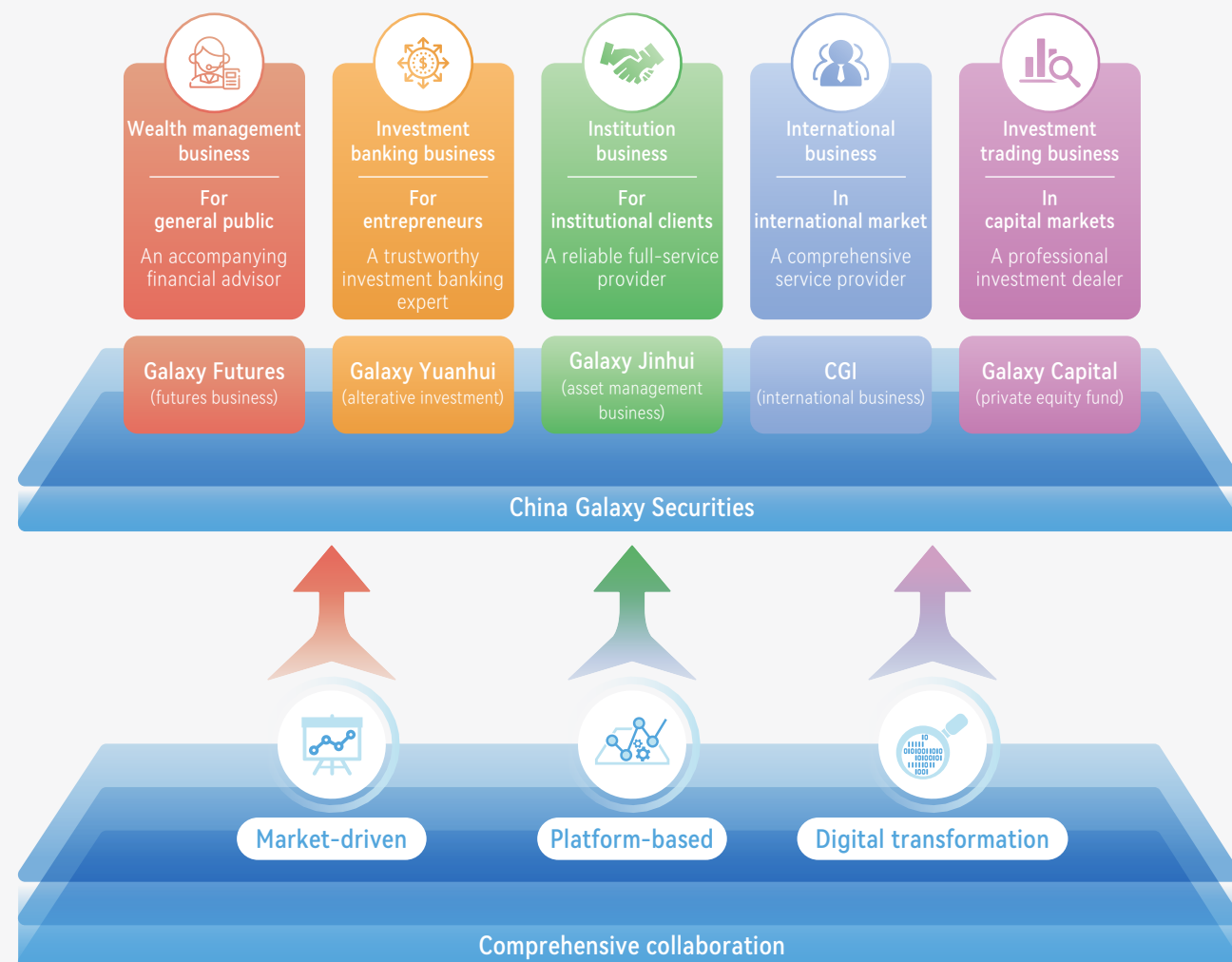
Strategic planning

China Galaxy Securities continues to promote the implementation of the *2023-2025 Strategic Development Plan of China Galaxy Securities*. The Company will adhere to the theme of high-quality development, build a "Five-in-One" business model vertically, establish a horizontal "Three-in-One" institutional mechanism and complete the transition from a traditional securities firm to a modern investment bank. The Company will continue to follow the market-based and international orientation, strive to become a comprehensive, versatile investment bank, and actively build itself into an "aircraft carrier-like" securities firm in China and a top investment bank in the world.

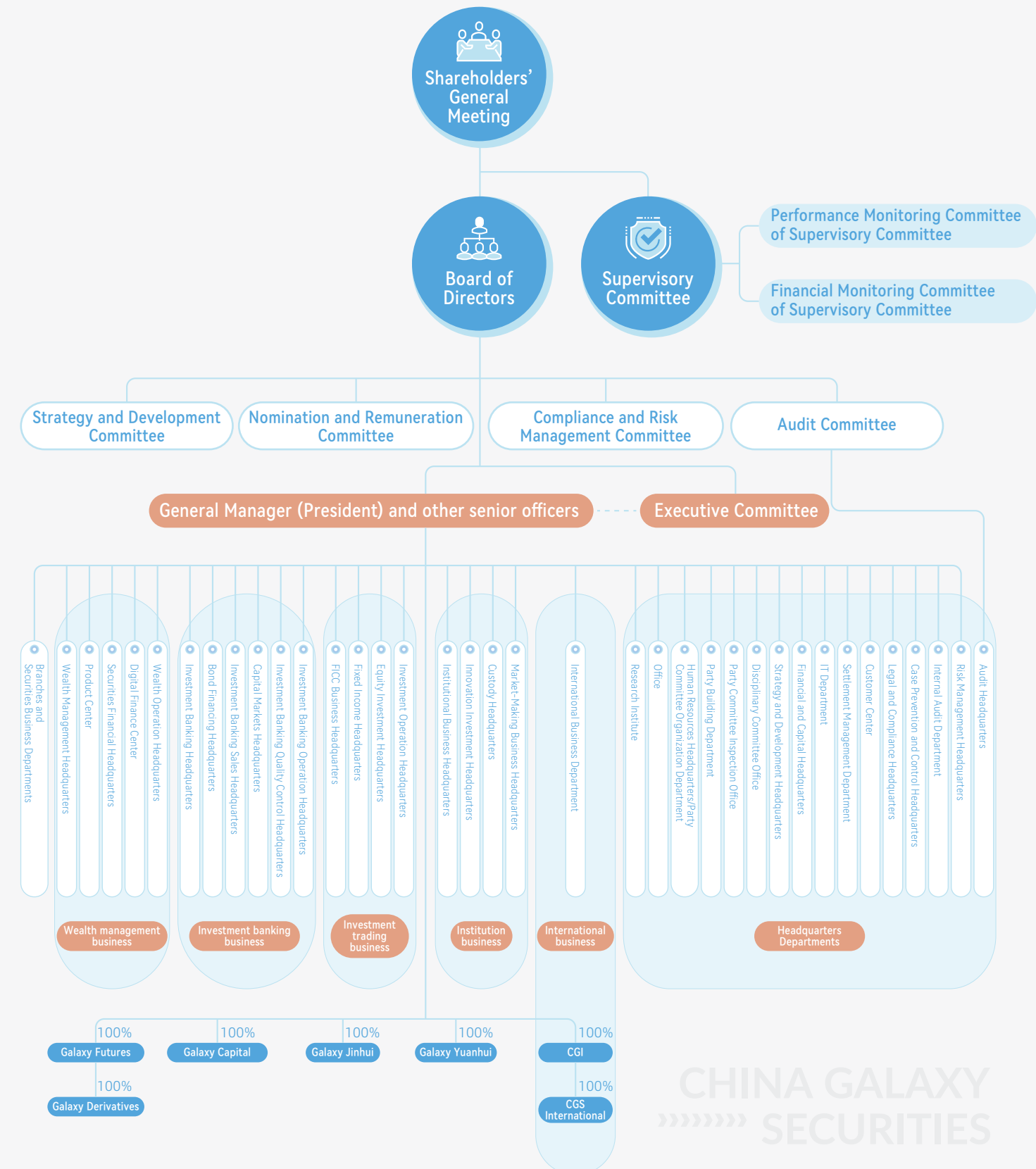
Strategic goals



"Five-in-One" business model and "Three-in-One" institutional mechanism



Organizational structure



Materiality Assessment

Due diligence and stakeholder communication




To effectively identify, address, and prevent various impacts, risks, and opportunities in daily operations, China Galaxy Securities established a sustainability and ESG due diligence mechanism. By continuously optimizing the control system in business processes, the Company strengthens its ability to identify and manage the negative impacts, risks, and opportunities associated with material issues, providing solid support for its robust operation.

Based on the characteristics of its actual business and management operations, the Company identifies six key stakeholders from two dimensions: those whose interests are significantly affected by the Company's business activities and those who have a significant impact on the Company's business activities. These stakeholders include shareholders and creditors, government and regulatory authorities, customers, employees, suppliers, and the community and environment. Through a regular communication mechanism, the Company gains an understanding of stakeholders' key concerns and promptly responds to their demands.

CGS's stakeholder management approach



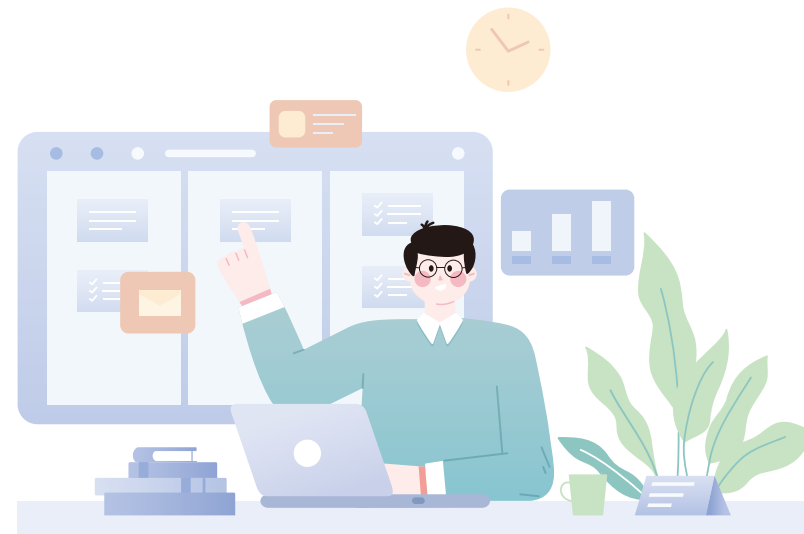
CGS's communication with and response to key stakeholders

Key stakeholders	Issue of concern	Communication and responses
 Shareholders and creditors	<ul style="list-style-type: none"> Corporate governance Comprehensive risk management ESG risk management in investment and financing 	<ul style="list-style-type: none"> Shareholders' general meeting Performance reports, financial reports, etc. Investors' meetings Performance presentations Company's official website and WeChat account Comprehensive risk management system
 Government and regulatory authorities	<ul style="list-style-type: none"> Compliant operation Comprehensive risk management Integrity practice and anti-corruption Anti-money laundering Green operation Serving national strategies Green finance Industry culture building 	<ul style="list-style-type: none"> Cooperating in regulators' inspections Participating in the government's surveys Periodical information disclosure Periodical meetings and reporting Carrying out energy conservation and emission reduction activities Improving the "five major areas of finance" Holding industry culture building activities
 Customers	<ul style="list-style-type: none"> Customer service quality Anti- unfair competition Information safety and customer privacy protection Fintech application Investor education Serving national strategies ESG risk management in investment and financing 	<ul style="list-style-type: none"> Customer consulting and complaints Customer satisfaction survey Conducting security certification and cybersecurity level protection testing via the app of China Galaxy Securities Launching the "STAR Plan" for fintech Company's official website and WeChat account Supporting the development of specialized, refined, differential and innovative (SRDI) enterprises and micro, small and medium-sized enterprises Investor education activities
 Employees	<ul style="list-style-type: none"> Employee diversity and inclusion Employee rights and benefits Employee training and development 	<ul style="list-style-type: none"> Labor union and workers' congress Employee training system
 Supplier	<ul style="list-style-type: none"> Integrity practice and anti-corruption Supplier management 	<ul style="list-style-type: none"> Strategic cooperation and communication Business communication Bidding and tendering activities
 Community and environment	<ul style="list-style-type: none"> Contributions to the society Promoting rural revitalization Green operation Climate change tackling 	<ul style="list-style-type: none"> Community public welfare programs Volunteer activities Providing assistance Carrying out energy conservation and emission reduction activities Supporting the development of green industries

Analysis of the materiality of issues

The Company identifies, assesses, prioritizes, and reports material issues based on daily communication with stakeholders, the characteristics of its business and industry, policy research, analysis of industry trends and the ESG information disclosure requirements of the Shanghai Stock Exchange and international standards.

In 2024, the Company adjusted previous years' issues by benchmarking against standards, conducting policy analysis and benchmarking with peers, and prepared a list of ESG issues by identifying and selecting 24 issues relevant to CGS. Among them, there are 5 issues in the environmental dimension, 12 ones in the social dimension, and 7 ones in the governance dimension.

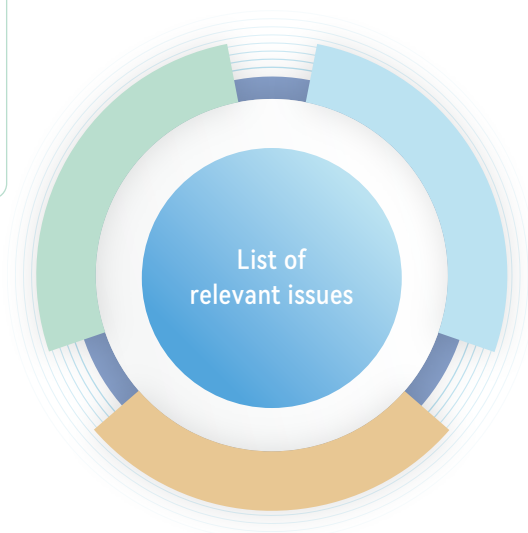


Environmental

- Climate change tackling
- Green operation
- Green finance
- ESG risk management in investment and financing
- Ecosystem and biodiversity protection

Governance

- Corporate governance
- Comprehensive risk management
- Integrity practice and anti-corruption
- Anti-money laundering
- Anti-unfair competition
- Industry culture building
- Compliant operation



Social

- Serving national strategies
- Fintech application
- Information safety and customer privacy protection
- Investor education
- Employee rights and benefits
- Responsible investment
- Contributions to the society
- Employee diversity and inclusion
- Customer service quality
- Promoting rural revitalization
- Employee training and development
- Supplier management

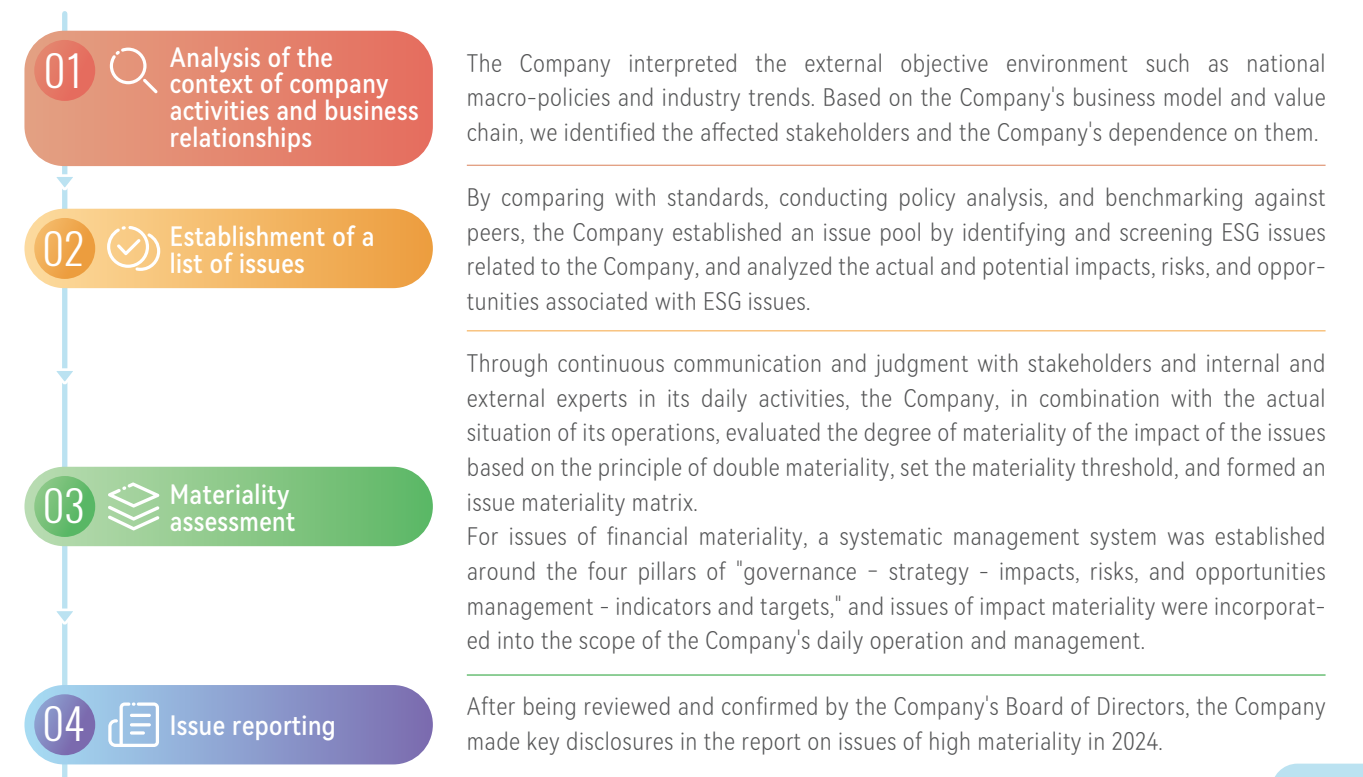
The Company conducted a double materiality analysis in line with the ESG information disclosure guidelines of the Shanghai Stock Exchange and those at home and abroad. Internal and external expert groups scored the materiality of the issues separately from the perspectives of impact materiality and financial materiality.

Factors considered in the analysis of issues materiality for China Galaxy Securities in 2024

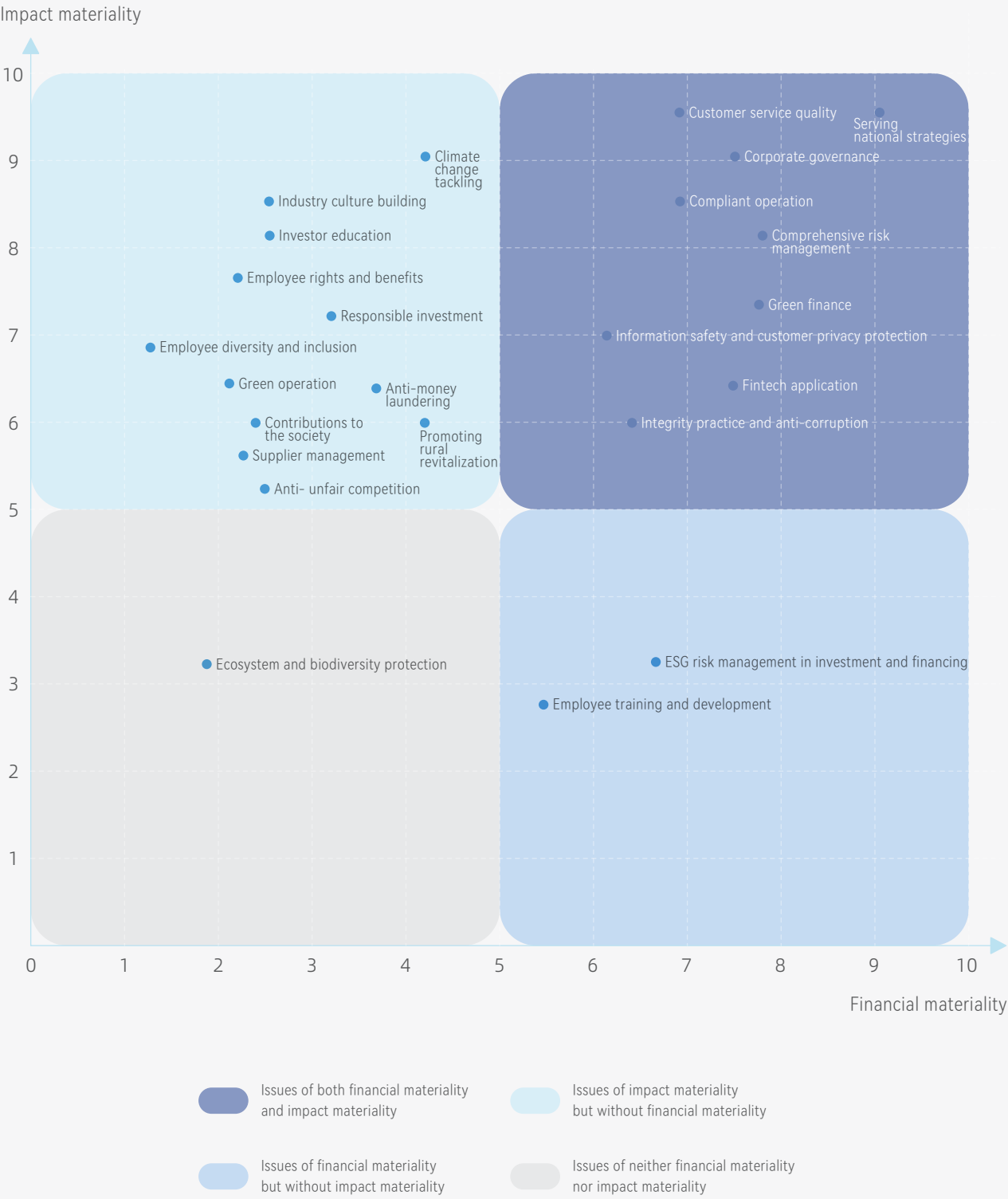
Level	Definition	Dimensions of materiality analysis	Scoring and thresholds
Impact materiality	Whether the Company's performance in the corresponding issues will have an actual or potential significant impact on the economy, society, and the environment.	Likelihood of the impact Scale, scope, and irreversibility of the impact	Comprehensive score: 0-10 Materiality threshold: 5+
Financial materiality	Whether the issues are expected to have a significant impact on the Company's business model, business operations, development strategy, financial position, operating results, cash flow, financing methods, and costs in the short, medium, and long term.	Likelihood of the impact Degree of financial impact	Comprehensive score: 0-10 Materiality threshold: 5+

Based on the evaluation of the Company's material issue analysis process, among the 24 identified ESG issues, 9 of them have double materiality, 2 of them have only financial materiality, 12 of them have only impact materiality, and 1 of them have neither financial nor impact materiality.

Analysis process of material issues for China Galaxy Securities in 2024



CGS's matrix of material issues in 2024



Main changes in the material issues of CGS in 2024

Material issues in 2024	Material issues in 2023	Change	Reason for change
Climate change tackling	Mitigation and adaptation to climate change	Adjustment of expressions	
Contributions to the society	Public welfare, charity, and volunteer services	Adjustment of expressions	The Company adjusted the expressions, deepened the issues' connotations, and added new issues based on the original ones, aligning with the latest regulatory trends.
Anti- unfair competition	Responsible marketing	Combination of issues	
	Protection of intellectual property rights	Expansion of issue boundaries	
Ecosystem and biodiversity conservation	—	Addition	
Integrity practice and anti-corruption	Business ethics and anti-corruption	Split	The Company split the issues in light of its actual management situation and regulatory requirements.
Anti-money laundering			
ESG risk management in investment and financing	ESG risk management	Adjustment of expressions	The Company adjusted the expressions to more clearly define the business scope of the issues, focusing on ESG risks in investment and financing.
Serving national strategies	Serving the real economy	Combination of issues	In response to the policy trends, the Company combined issues, expanded their boundaries, integrated the content of the "five major areas of finance," and further reflected the connotation of building a strong financial country.
	Inclusive finance	Expansion of issue boundaries	

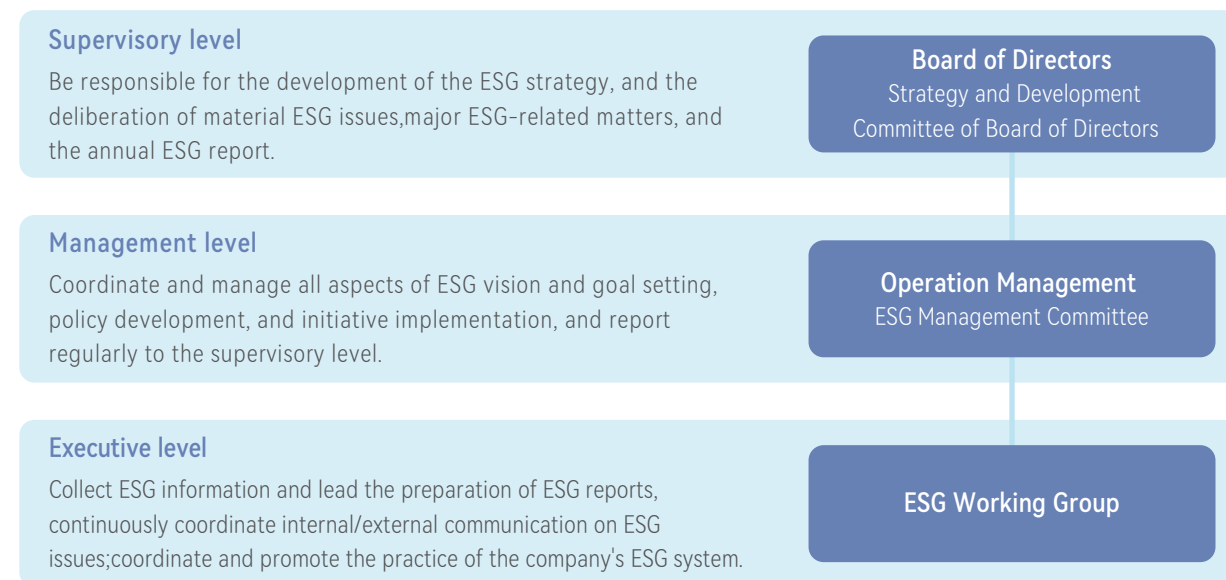
Strengthening Sustainability Management of CGS

ESG governance arrangement

The Company promotes sustainability by focusing on ESG efforts, integrates ESG concepts into its operations and management, and has established a top-down ESG management framework to ensure the systematic and effective implementation of the Company's ESG management.

The Company further improved its ESG management framework. On December 30, 2024, we held the first (interim) meeting of the fifth-term Board of Directors and reviewed and approved the *Proposal on Revising the Rules of Procedure of the Company's Board of Directors' Strategy and Development Committee*. Based on the original functions of the Board of Directors' Strategy and Development Committee, responsibilities such as ESG supervision and management were added, further improving the decision-making and supervision functions of the specialized committees of the Board of Directors regarding ESG efforts. At the operation management level, an ESG Management Committee chaired by the President was established. The ESG Management Committee strengthens the execution of the Company's sustainability strategy and the overall ESG management level by leading and coordinating the promotion and implementation of the Company's ESG efforts.

ESG management architecture of CGS



The Company's Board of Directors attaches great importance to ESG management and development. In 2024, we reviewed and approved a number of ESG proposals and matters related to corporate governance, information disclosure, risk management, and compliant operation, fully fulfilling the responsibilities for reviewing, decision-making, and supervising ESG-related matters, and conducting supervision and assessment.

In 2024, the Company focused on the ESG capacity-building of the Board of Directors, the Supervisory Committee, and senior management. We held a special training session on "ESG Policy Trends and the Current Status of Peer Management in 2024," promoting the internalization of ESG concepts in the Company's daily business operations and management, and their external manifestation in actions.

Highlights of CGS' ESG management

- The Company revised the *Rules of Procedure of the Board of Directors' Strategy and Development Committee* to explicitly add ESG supervision and management responsibilities.
- The Company improved the ESG management framework, established ESG Management Committee and formulated the *Rules of Procedure of the ESG Management Committee*, updated the *Working System of the ESG Working Group*, and held 4 ESG working group meetings.
- The Company cooperated and communicated with various departments to promote the alignment of ESG work with business objectives, ensuring that ESG-related work is incorporated into the work plans of relevant departments.
- The Company learned about the regulatory requirements and industry development trends of the industry through continuous communication with internal and external stakeholders; the Company summarized the key concerns of various stakeholders, and regularly reported to the Board of Directors.
- The Company established a mechanism for environmental and climate risk management.
- The Company invited external experts to participate in identification and analysis the Company's material ESG issues in 2024.
- The Company guided its subsidiary, CGS International, to submit an annual progress report to the United Nations Global Compact (UNGC), publicly disclosing the progress of CGS International in implementing the ten principles of the UNGC from July 2023 to June 2024, covering four aspects: human rights, labor standards, environment, and anti-corruption.



ESG special training for directors, supervisors and senior management

ESG management

China Galaxy Securities upholds the core values of "Innovation, Compliance, Service, Collaboration." While creating wealth, we actively fulfill our responsibilities as a listed company, financial enterprise, corporate citizen, and brand employer and work with stakeholders including employees, customers, and suppliers to create sustainable value.

ESG management model of CGS



Guided by the ESG management model, the Company conducts in-depth analysis and assessment of risks and opportunities related to ESG issues and focuses on implementing targeted management for issues of financial materiality (for the materiality analysis process and conclusions, please refer to the "Materiality assessment" section in this report). This demonstrates the Company's ability to manage ESG-related risks and opportunities, laying a foundation for sustainability.

Issues of financial materiality in 2024	Impact area ¹	Corresponding SDGs	Main risks/opportunities	Time range of impact ²	Financial impact	Sections related to management actions
Serving national strategies	Self-operation Downstream of the value chain Investment portfolio	11 SUSTAINABLE CITIES AND COMMUNITIES	Market opportunities Opportunities in products and services	Short, medium, and long term	Operating revenue ↑ Investment portfolio value ↑	Feature: Keeping Pace with the Times and Taking on the Mission of Serving China's Building into a Financial Power
Comprehensive risk management	Self-operation	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Market risk Credit risk Liquidity risk Operational risk	Short, medium, and long term	Operating revenue ↓ Investment portfolio value ↓ Operating cost ↑	Comprehensive risk management
Green finance	Downstream of the value chain Investment portfolio	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION	Market opportunities Opportunities in products and services	Short, medium, and long term	Operating revenue ↑ Investment portfolio value ↑	Green finance
Fintech application	Self-operation	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Risk of core talent shortage Risk of inadequate business empowerment by technology Opportunity to enhance customer experience Opportunity to empower internal management	Short, medium, and long term Medium and long term Short, medium, and long term Short, medium, and long term	Operating revenue ↓ Operating cost ↑ Operating revenue ↓ Operating revenue ↑ Operating cost ↓	Fintech application
Corporate governance	Self-operation	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Liability risk Reputation risks	Medium and long term	Compliance cost ↑ Operating revenue ↓	Corporate governance
Customer service quality	Downstream of the value chain	17 PARTNERSHIPS FOR THE GOALS	Operational risk Market risks Reputation risks	Medium and long term	Operating revenue ↓	Customer service quality
ESG risk management in investment and financing	Downstream of the value chain Investment portfolio	13 CLIMATE ACTION	Indirect risks formed by environmental and climate risk factors through influencing issuers of investment targets, counterparties, etc.	Medium and long term	Operating revenue ↓ Investment portfolio value ↓	ESG risk management in investment and financing
Compliant operation	Self-operation	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Legal and compliance risks Operational risk	Medium and long term Medium and long term	Compliance cost ↑ Operating revenue ↓	Compliant operation
Integrity practice and anti-corruption	Self-operation Upstream of the value chain	16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS	Risk of conflicts of interest Risk of commercial bribery	Medium and long term	Operating revenue ↓	Business conduct
Information safety and customer privacy protection	Self-operation Downstream of the value chain	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Risk of data leakage Inadequate personal information protection measures	Medium and long term	Operating revenue ↓ Operating cost ↑	Information safety and customer privacy protection
Employee training and development	Self-operation	8 DECENT WORK AND ECONOMIC GROWTH	Opportunity to improve service efficiency Opportunity for talent retention and incentive	Medium and long term Medium and long term	Operating revenue ↑ Operating cost ↓ Operating revenue ↑	Human capital development

1. Impact area i.e., areas of the Company's value chain where issues of materiality have an impact on the economy, society, and the environment, including upstream of the value chain (including suppliers), its own operations, downstream of the value chain (including customers), and its investment portfolio.

2. The time range of impact is set with reference to the *Corporate Sustainability Disclosure Guidelines - Basic Guidelines (for Trial Implementation)* of the Ministry of Finance and the actual operation of the Company. Short-term: up to 1 year (including) after the end of the reporting period; medium-term: from 1 to 5 years (including) after the end of the reporting period; long-term: more than 5 years after the end of the reporting period.

Sustainability Management Highlights2024

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中国银河证券
CHINA GALAXY SECURITIES

CGSS
CHINA GALAXY SECURITIES

2024 CORPORATE SOCIAL RESPONSIBILITY
AND ENVIRONMENTAL
SOCIAL AND GOVERNANCE REPORT

Rating/award-issuing institutions	Main honors and recognitions ³
China Association for Public Companies	<div></div> <div> Best Sustainability Practice Cases of Listed Companies in 2024</div>
Haiwainet of <i>People's Daily</i> and the All-China Environment Federation	★ Listed in the "2024 China Corporate ESG 100 Index"
Hang Seng Indexes Company Limited	★ A constituent stock of the "Hang Seng Corporate Sustainability Index Series"
Sino-Securities Index Information Service (Shanghai) Co., Ltd.	★ "A" grade in the Sino-Securities Index ESG rating
China Securities Index Co., Ltd.	★ "A" grade in the CSI ESG rating
SynTao Green Finance	★ "A-" grade in the SynTao Green Finance ESG rating

3. The honor results are counted as of the end of the reporting period

CHINA GALAXY SECURITIES

01

PART ONE

Crafting a Vibrant Green Narrative to Accelerate CGS Actions

CHINA GALAXY SECURITIES >>>>>>>

China Galaxy Securities actively implements the concept of green development. CGS fully responds to China's "carbon peaking and carbon neutrality" strategy by promoting green finance and ESG risk management in investment and financing at the business level and implementing green operation strategies at the operational level. CGS is committed to mitigating and adapting to climate change.

Responding to the issues of:



Per capita greenhouse gas emissions:
1.20 tons
of CO₂ equivalent per person

Supported the issuance of
24 green bonds

Published a total of
45 ESG research reports/articles

Corresponding UN Sustainable Development Goals:



1.1 Climate change tackling

Facing the urgent situation of global warming, countries are strengthening their climate and environmental policies by setting broad carbon neutrality goals and implementing diverse low-carbon strategies. China Galaxy Securities profoundly understands that achieving carbon neutrality is not only an inevitable requirement for the protection of the global ecological environment but also a core element for enterprises to maintain competitive advantage and achieve sustainable economic development.

China Galaxy Securities identifies the risks and opportunities brought to the Company's operations by climate change based on the framework of the *International Financial Reporting Sustainability Disclosure Standard No. 2 — Climate-related Disclosures* (IFRS S2) released by the International Sustainability Standards Board (ISSB) and takes appropriate measures according to the identification results to manage the impact of climate change on the Company.

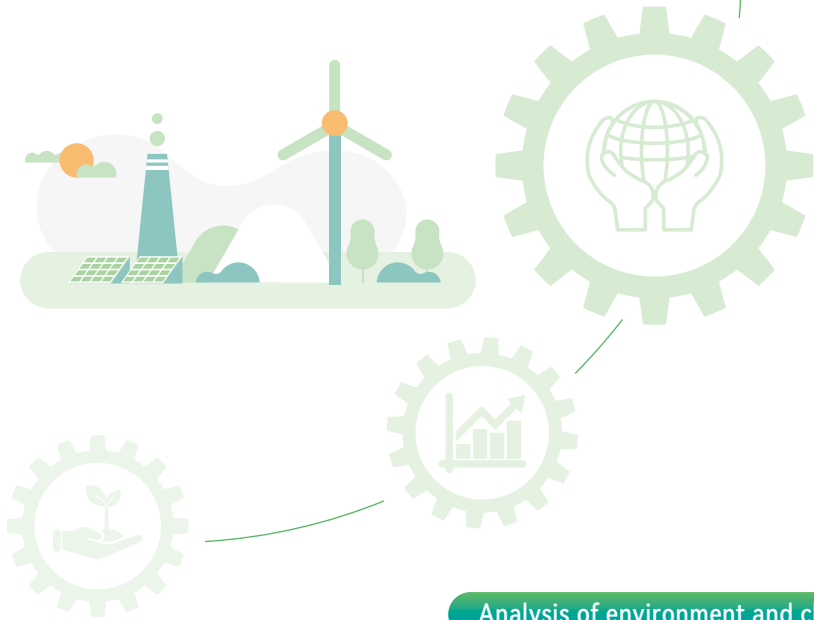
Governance

The Company attaches great importance to the development of the environmental and climate-related governance system. We formulated the *Measures for Environmental and Climate Risk Management* and established an effective three-level management framework from top to bottom, which covers supervision, management, and execution.

Environmental and climate-related governance structure of CGS

Level	Organization	Responsibilities and working mechanisms
Supervision	Board of Directors	<ul style="list-style-type: none">The Board of Directors and the Strategy and Development Committee are responsible for comprehensively supervising climate-related risks, and they bear the responsibility for supervising and managing climate-related risks and opportunities.
	Strategy and Development Committee	<ul style="list-style-type: none">The Board of Directors and the Strategy and Development Committee regularly obtain the Company's climate-related risk and opportunity situation, but not limited to collecting climate-related risk reports, conducting environmental trend analysis, and consulting external professional opinions, to review the Company's climate-related information at an appropriate frequency, and can understand the evolution of climate-related risks and opportunities within different time scales.
Management	Executive Committee	<ul style="list-style-type: none">The Executive Committee clearly defines the organizational structure for environmental and climate risk management.The Executive Committee reasonably allocates resources for environmental and climate risk management, including but not limited to human resources, material resources, and information systems, to effectively identify, assess, and control the environmental and climate risks borne by various businesses and products.The Executive Committee understands the overall environmental and climate risk level and management status of the Company.
	Risk Management Committee	<ul style="list-style-type: none">The Risk Management Committee makes approval decisions on major matters involving environmental and climate risks.The Risk Management Committee reviews and decides on the limit-setting, major adjustments, and responses to exceeding limits related to environmental and climate risks at the company level.
	Special meeting for the President	<ul style="list-style-type: none">The Special meeting for the President establishes and improves the systems and processes related to environmental and climate risk management.The Special meeting for the President cultivates the awareness of environmental and climate risk prevention among all employees, formulates and supervises the implementation of relevant training plans.
	Each business department and subsidiary	<ul style="list-style-type: none">They are responsible for the development and issuance of green financial products and carbon-related financial products.They implement various risk control measures and use environmental and climate risk factors as the basis for decision-making in the process of business operations.
Execution	Office	<ul style="list-style-type: none">Based on CGS's relevant sustainability plans and arrangements, and in line with the needs of CGS's ESG-related information disclosure and management improvement, the Company puts forward suggestions and opinions on environmental and climate risk management.
	Risk Management Headquarters	<ul style="list-style-type: none">The Risk Management Headquarters takes the lead in establishing and improving the Company's environmental and climate risk management system and formulates environmental and climate risk management systems.The Risk Management Headquarters supports and coordinates relevant units in controlling environmental and climate risks during operations.The Risk Management Headquarters takes the lead in organizing the Company's overall environmental and climate risk stress testing.The Risk Management Headquarters evaluates and reports the Company's overall environmental and climate risk level and management situation.
	Research Institute	<ul style="list-style-type: none">Based on conducting ESG-related research, the Research Institute provides necessary research support for interested, key, and difficult issues in the field of internal environmental and climate risk management.

The Legal and Compliance Headquarters, the Audit Headquarters, and other functional departments provide guarantees and support for managing environmental and climate risks within the scope of their respective responsibilities.



Strategy

The Company attaches great importance to environment and climate-related risks and opportunities and fully ensures the resource investment required for establishing a climate risk management system. Based on its own business development layout and characteristics, and with reference to the opinions of external experts, the Company assesses the materiality of various climate change risks and opportunities from dimensions such as probability of occurrence and degree of impact. We identified two climate-related risks and two climate-related opportunities. Based on the identified risks and opportunities, the Company deliberates and formulates corresponding climate strategies and actions.

Analysis of environment and climate-related risks and opportunities of CGS

Risk			Opportunity	
Type of risks/opportunities	Policy and legal risks	Technical risk	Market opportunities	Opportunities in products and services
Time range of impact	Medium and long term	Medium and long term	Short, medium, and long term	Short, medium, and long term
Risk/opportunity description	Adjustments in environmental protection policies may have a direct negative impact on certain industries, such as high-energy-consuming and high-emission industries. The Company's investment portfolio may be affected by these policy adjustments, and it is necessary to carefully manage investment risks.		Against the backdrop of a low-carbon economy, climate-friendly products and enterprises are increasingly favored by the market, and the market valuation of the Company's relevant investment targets may also rise accordingly.	Under the guidance of the national green finance development strategy, the Company can study market trends, innovate green finance products and services, and meet the growing demand of investors for green finance.
Financial impact	Operating revenue ↓ Investment portfolio value ↓		Operating revenue ↑ Investment portfolio value ↑	
Response strategies	At the business end, the Company utilizes risk-warning tools and the negative list management mechanism to strengthen pre-investment risk identification and post-investment continuous management of high-carbon investment and financing entities (for details, please refer to the "ESG risk management in investment and financing" section of this report).			
	The Company actively focuses on the national green finance development strategy, increases resource allocation, and continuously promotes innovation in related products and service models (for details, please refer to the "Green finance" section of this report).			
	At the operational end, the Company continuously promotes the establishment of internal climate risk awareness within the Company and implements green operations (for details, please refer to the "Green operation" section of this report).			

Impacts, Risks, and Opportunities Management

The Company pays close attention to the risk management development trends of the industry by tracking domestic and overseas regulators' requirements for the management of climate-related risks and conducting in-depth research and surveys of management of climate-related risks. We work faster to build a management mechanism for climate-related risks by reference to the advanced management experiences of other financial institutions in the industry.

The Company incorporates climate risks into business considerations and risk management. We identify, assess, analyze, and manage climate risks based on the Company's overall unified risk management mechanism.

Process of environment and climate-related risk and opportunity management of CGS

Identification	✓ The Company identifies and assesses the environmental and climate risks of market entities such as issuers of investment targets and counterparties according to the unified climate-change-related information disclosure framework formulated by the ISSB.
Assessment	✓ Based on the Company's business and strategy, and in combination with expert opinions, the Company comprehensively assesses the impact of climate change risks and opportunities on the Group's finance and strategy.
Analysis	✓ The Company analyzes the probability of occurrence and the degree of impact of risks and opportunities to determine the priority of risks and opportunities.
Management	✓ The Company incorporates the identified climate-change risks into the risk-tracking system, and regularly evaluates and reports on the implementation and effectiveness of relevant risk mitigation measures (for details, please refer to the "ESG risk management in investment and financing" and "Green operation" sections of this report). ✓ Centering around the identified opportunities, the Company focuses on carrying out related businesses and practices, seizing opportunities to create business growth, and achieving cost reduction and efficiency improvement (for details, please refer to the "Green finance" and "Green operation" sections of this report).

Indicators and Targets

To further implement climate change response management and enhance the effectiveness of climate change management efforts, the Company regularly collects data on indicators such as greenhouse gas (GHG) emissions. With the goal of "keeping per capita GHG emissions at a relatively low level," the Company endeavors to minimize GHG emissions generated during its operations.

Total per capita GHG emissions (Scope 1 and Scope 2) of CGS in the past three years

Indicator	Unit	2022	2023	2024
Total per capita GHG emissions (Scope 1 and Scope 2)	ton of CO ₂ equivalent/person	1.44	1.50	1.20

1.2 Green finance

Governance

The Company has established a leading group for serving national strategies, identifying green finance as a key task for serving national strategies and supporting China's "carbon peaking and carbon neutrality" goals. The Human Resources Headquarters takes the lead in coordinating the in-depth promotion of related work across various business lines, actively guiding capital to flow towards low-carbon and environmental protection programs, and contributing to high-quality economic development and ecological civilization development.

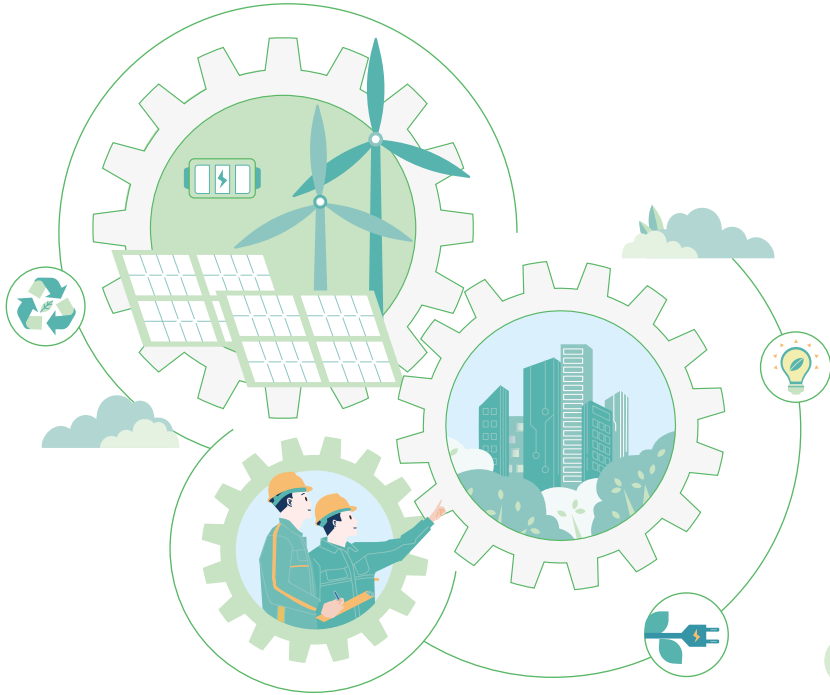
Strategy

Against the backdrop of the general trend of global efforts to address climate change, the development of green and low-carbon transformation has become a global consensus. As an important tool and means to promote the sustainability of the economic society, green finance plays an increasingly important role in the high-quality sustainability of the real economy.

The Company actively makes arrangements in the field of green finance. Through the linkage between investment banking and investment, as well as domestic and overseas business, the Company creates a comprehensive green financial service model with CGS's characteristics, promotes the financing and development of green programs, and seizes opportunities to strengthen the Company's competitiveness and influence in the international green financial market.

Opportunities and response strategies for green finance of CGS

Main opportunity type	Time range of impact	Financial impact	Response strategies
Market opportunities Opportunities in products and services	Short, medium, and long term	Operating revenue ↑ Investment portfolio value ↑	The Company widely conducts businesses such as green investment and financing, ESG research, and carbon finance, and creates a comprehensive financial service model with CGS's characteristics.



Impacts, Risks, and Opportunities Management

Green investment and financing

The Company delves deep into the green and low-carbon industries by providing diverse green investment and financing services. The Company contributes to global low-carbon development through in-depth development and innovative practices. In 2023, CGI, a subsidiary company, joined the Green Investment Principles (GIP) for "the Belt and Road". CGI adheres to implementing these principles in its investment and operation activities, giving full play to its advantages in the overseas market, and actively promoting the greening of investments related to "the Belt and Road". In 2024, for the first time, CGI responded to the questionnaire for the signatory institutions of the GIP annual report as required, disclosing the progress of the implementation of the principles.

In 2024, the Company supported the issuance of 24 green bonds, with a total issuance amount of RMB 88.959 billion, and underwrote approximately RMB 10.6 billion of green-related bonds. CGS provided RMB 800 million of re-loan repurchase and share-increasing services for listed companies in green industries. The Company also supported relevant enterprises in mergers, acquisitions, and restructurings, involving an amount of RMB 11.5 billion. By the end of 2024, the Company's balance of green-related equity and debt investments reached RMB 17.2 billion.

case The Company assisted a Tianjin state-owned enterprise in issuing green directed asset-backed notes

In December 2024, the Company assisted Tianjin TEDA Environmental Protection Co., Ltd. in issuing the first-phase green directed asset-backed notes, "24 TEDA Environmental Protection ABN001 (Carbon Neutrality Bond)". The issuance term of these notes is 5 years. The total issuance scale of the senior-class notes is RMB 500 million, with an average coupon rate of 2.61% and an average subscription multiple of 2.17 across the board.

This issuance involves the first carbon-neutrality bond in the waste-to-energy industry in the Beijing-Tianjin-Hebei region. It is also the first successful case of a Tianjin state-owned enterprise in the field of carbon-neutrality securitization, helping to promote the high-quality development of Tianjin's economy. This project represents a new breakthrough in using green financial instruments to support the development of the green industry, and it has won the Best Green Financial Product Award of the "Jingui Award" of CNABS.

case The Company created a "green inclusive bond portfolio" jointly with BOB Wealth Management

In December 2024, the Company, in cooperation with BOB Wealth Management, jointly created a "green inclusive bond portfolio." This portfolio carefully selects bonds that comply with the EU-China **Common Ground Taxonomy** and are in the key service areas of inclusive finance, and constructs a bond portfolio that balances investment returns and liquidity. The Company continuously provides two-way market-making quotes for this portfolio to enhance the convenience for investors to subscribe to green inclusive bonds and contribute to the development of green finance.

case CGI provided in assistance in issuing the world's first green bond certified by "drone + carbon satellite"

In January 2024, CGI assisted Dongyang State-owned Asset Investment Co., Ltd. in Zhejiang Province in successfully issuing the world's first green bond certified by "drone + carbon satellite" on the Hong Kong Stock Exchange.

This issuance obtained the pre-issuance green finance certification from United Credit Ratings Co., Ltd., as well as the Second Party Opinion (SPO) issued by the Hong Kong Quality Assurance Agency (HKQAA) and the Shenzhen Institute of Data Economy of the Chinese University of Hong Kong, Shenzhen. This effectively enhanced the credibility of green bond identification and certification, attracted extensive participation from international investors, and won several industry awards.



The Outstanding Case of Green Development in 2024 by the Zero Carbon Research Institute of the Beijing News



The Excellence Award for Outstanding Cases of Green Finance in the Guangdong-Hong Kong-Macao Greater Bay Area in 2024



The Outstanding Project Case for Climate Change Response in the "Xinhua Credit Pearl Cup"



The Case of Digital Elements Enabling the Innovative Development of the Real Economy by the Shenzhen Data Exchange

case The Company completed the first swap transaction linked to the "CFETS ESG senior credit bond (total return) index" in the market

In July 2024, China Galaxy Securities completed the first swap transaction linked to the "CFETS ESG senior credit bond (total return) index" in the market.

This transaction selected an ESG high-grade credit bond index as the linked benchmark, meeting the counterparty's demand for ESG investment products. The Company supports the growth of high-quality enterprises in the sustainability field, which helps to promote the transformation, upgrading, and sustainability of the real economy, and further develops and deepens green finance.

ESG research As one of the earliest securities firms to engage in ESG and carbon peaking and carbon neutrality research, the Company continuously deepens ESG-related research. While establishing the ESG team of the Research Institute, the Company established the International ESG Research Center of the New Development Research Institute and the ASEAN Institute for Carbon Neutrality (AICN) in 2024. The Company provides solid theoretical support and practical guidance for the realization of sustainable financial services by further integrating and optimizing research resources and promoting more systematic and in-depth ESG research.

Key ESG research initiatives of CGS in 2024

Publishing ESG research reports

- The Company published 15 ESG thematic research articles, 12 monthly ESG strategy reports, and 18 ESG special review reports, totaling 45 pieces with a Chinese-character count of over 500,000. These mainly include market-oriented research such as the analysis of ESG investment strategies, international green finance research such as the green finance practices related to "the Belt and Road", and theoretical research such as the monetization of ESG value.
- The Company carried out ESG-related research topics such as "Research on the Social Value Evaluation System of Central Enterprises," "Analysis of the Sources of Climate Risk Measurement Discrepancies," "Construction, Validation, and Application of a Sustainable Investment and Research System," and "Exploratory Application of ESG in Credit Financing Business," helping the capital market better identify and address sustainability-related risks. Due to the specialized performance and outstanding contributions in the cooperation project, the Company received a letter of appreciation from the Research Center of the State-owned Assets Supervision and Administration Commission of the State Council, and was recognized by the Beijing Securities Regulatory Bureau and the Securities Association of Beijing.
- The Company published Chinese and English papers with titles such as "Global Climate Risk Governance Practices and Explorations" (《全球气候风险治理实践与探索》), "Research on Climate Risk Management of Financial Institutions" (《金融机构气候风险管理研究》), and "On the Superior Performance of SRI Funds."
- CGI participated in the research of topic reports such as "Exploratory Research on the Capital Market Serving Qinghai's Green and Low-Carbon Development under the 'Zero-Carbon Finance' Framework" and "Internationalization of the Chinese Mainland's Carbon Market: The Role of Hong Kong S.A.R. as an International Financial Center."
- CGS International collaborated with the Sustainable and Green Finance Institute at the National University of Singapore to jointly compile 3 ESG-related research reports.

Promoting ESG collaborative development

- The Company co-hosted the "International Sustainable Investment: ESG Value Chain Forum" with the China International Council for the Promotion of Multinational Corporations (CICPMC) and released the "CGS-CICPMC ESG Rating System," providing professional and comprehensive sustainability evaluation tools for enterprises, investors, and policymakers.
- The Company's Chief ESG Analyst was invited to give special lectures on the application and value of ESG concepts in investment and financing decision-making at events such as the Asset Securitization Training Session for Enterprises under Shandong Province's Jurisdiction and the "Enterprise Environmental, Social, and Governance (ESG) Evaluator" Competency Evaluation Program of the China Certification and Accreditation Association. The Company was invited to give lectures at the Special Training Course on Enhancing Beijing's Sustainability Capacity, which was hosted by the Beijing Municipal Finance Bureau, the Beijing Municipal Commission of Development and Reform, and the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.



The Company's Chief ESG Analyst at the Asset Securitization Training Session for Enterprises under Shandong Province's Jurisdiction



The Company released the "CGS-CICPMC ESG Rating System"



The Company won the award of the Best ESG Practice Research Institution in the New Fortune Awards 2024.



The Company received a letter of appreciation from the Research Center of the State-owned Assets Supervision and Administration Commission of the State Council.

Carbon finance

CGS closely follows the development trend of carbon finance. The Company established a carbon peaking and carbon neutrality innovation center at CGI and has been leading the exploration of services such as climate-related investment and financing consulting, carbon asset development and transaction support, and innovation of carbon financial products since 2023. In December 2024, the Company was approved by the China Securities Regulatory Commission to participate in carbon emission trading on domestic legal trading venues as a proprietary trader, pioneering a new frontier in the innovation and expansion of the Company in the domestic and overseas carbon finance fields.

case The Company completed the first swap transaction linked to the "carbon emission reduction index" in the market

In April 2024, the Company completed the first swap transaction linked to the "CFETS selected credit bond index for carbon emission reduction tool-supported sectors" in the market on the domestic currency trading system of the China Foreign Exchange Trade System.

Through this transaction, the Company actively participates in the innovative development of carbon financial products, sets a new benchmark for the entire industry, and promotes the introduction of more innovative carbon financial products.

case CGI facilitated the launch of China's first insurance product for coping with EU carbon tariffs

The carbon peaking and carbon neutrality innovation center of CGI, in collaboration with an insurance company, designed and launched China's first insurance product based on the EU carbon tariff price index, and the first business deal was closed in Nansha District, Guangzhou, Guangdong Province.

This product uses the cross-border carbon emission swap (TRS) tool of CGI to transfer the compensation risks faced by domestic enterprises after purchasing insurance to the EU carbon futures market for hedging. It aims to assist export-oriented enterprises in dealing with the challenges of carbon tariffs, help China's carbon market align with the international carbon trading rule system, and energize the innovation of international carbon financial products.

Indicators and Targets

The Company developed the *2024 Annual Work Plan for Serving National Strategies*, identifying green finance as one of the key tasks. The Company actively creates a comprehensive green finance service model with CGS's characteristics by integrating diverse green finance products and services.

Green finance indicators and targets of CGS

Indicator	Targets	2024 achievements
Number of green bonds/sustainable bonds issued	With 22 green bonds/sustainable bonds issued	Achieved
Innovative and leading carbon finance cases	With 1 innovative and leading carbon finance case implemented	Achieved
Number of carbon finance financial advisory programs	With 3 carbon finance financial advisory programs completed	Achieved



1.3 ESG risk management in investment and financing

Governance

The ESG risks faced by the Company during the investment and financing process mainly concentrate on the environmental and climate fields. The Company prepared the *Measures for Environmental and Climate Risk Management*, incorporating environmental and climate risks into business considerations and risk management. Through the environmental and climate-related governance structure (see the "Climate change tackling" section of this report for details), the Company implements and details the ESG risk management in investment and financing, providing more stable and sustainable comprehensive financial services to customers and society.

Strategy

Adhering to the principles of "emphasis, predictability, and prudence," the Company has established a risk management system adapted to the scale of risk exposure, effectively identifying significant risk factors in investment and financing businesses, practically managing key risks in relevant fields, and ensuring the high-quality development of the business.

Main ESG risks and control strategies in investment and financing of CGS

Main risk type	Time range of impact	Financial impact	Control strategies
Indirect risks formed by environmental and climate risk factors through influencing issuers of investment targets, counterparties, etc.	Medium and long term	Operating revenue ↓ Investment portfolio value ↓	The Company established an environmental and climate risk management system that is compatible with the scale of operations, business nature, and complexity. The Company identifies, assesses, and responds to environmental and climate risk factors in various businesses, controlling the level of environmental and climate risks within a range acceptable to the Company.

Impacts, Risks, and Opportunities Management

The Company has established an overall ESG risk management mechanism for investment and financing, covering our proprietary business, investment banking business, financing-type business, and credit trading business. This ensures that the Company can systematically manage and control ESG risks in every business aspect.

ESG risk management mechanism for investment and financing of CGS

Risk identification

- ✓ The Company comprehensively utilizes various information sources such as corporate social responsibility reports, external ESG evaluation reports, project environmental impact assessment reports, regulatory public information, technical patent information, industry research, media reports, and on-site investigations to identify business areas substantially affected by environmental and climate risks, and sort out the key environmental and climate risk factors therein.

Risk assessment

- ✓ The Company comprehensively applies qualitative and quantitative analysis methods. In accordance with the principle of matching the management resources invested with the scale and complexity of the environmental and climate risk exposure assumed, CGS has established appropriate assessment methods or measurement models.

Risk monitoring, reporting, and response

- ✓ In combination with the development of a green finance business and the sustainability process, the Company gradually promotes the perfection of the environmental and climate risk monitoring mechanism. The Company focuses on monitoring customers, issuers, and counterparties with high energy consumption and high carbon emissions, and continuously pays attention to the negative public opinions of relevant entities and the policy changes in their industries. The Company gradually incorporates the environmental and climate risk monitoring mechanism into the post-investment management process of investment and financing projects to ensure timely and effective responses to risks.
- ✓ The Company sets concentration risk limits for high-energy-consuming and high-carbon-emitting industries such as coal and steel and monitors them on a daily basis. Before reaching the warning line or approaching the limit threshold, CGS timely formulates risk plans to deal with exceeding the limit. When the warning line or threshold is breached, the Company promptly reveals the risks and reports and disposes of them as required.
- ✓ In case of sudden environmental and climate risk situations or unexpected adverse changes, all departments of the Company should organize a response in a timely manner, analyze their potential impacts on the Company and losses in extreme scenarios, and report to the Risk Management Headquarters in a timely manner. For situations that evolve into risk events, each department should fulfill its reporting obligations in accordance with the Company's relevant management regulations on risk event reporting.

The Company comprehensively integrates ESG factors into the due diligence and evaluation systems of its investment banking services and stock pledge services to improve the comprehensiveness and scientificity of the Company's project evaluation and to enhance the ability to identify and manage potential risks.



Key points of ESG due diligence in the investment banking services of CGS

Environmental

- ✓ **Laws, regulations, and compliance:** The Company identifies and assesses whether the production processes of the issuer comply with environmental protection-related laws and regulations, and obtains certificates of no violations issued by the environmental protection authority or records of environmental protection interviews.
- ✓ **Pollution situation and treatment facilities:** The Company clarifies the specific aspects involving environmental pollution in the issuer's production and operation, the names of major pollutants and their emission amounts, confirms the main treatment facilities and their treatment capacities, and conducts on-site inspections of relevant situations.
- ✓ **Environmental protection investment and expenditure:** The Company reviews the situation of environmental protection investment and related cost expenditures to ensure the actual operation status of environmental protection facilities, and confirms that the environmental protection investment is commensurate with the pollution generated by production and operation.
- ✓ **Project acceptance and approval documents:** The Company collects acceptance documents from the relevant environmental protection authority, and obtains approval or filing documents for the environmental impact assessment report (form) of new or renovated projects.
- ✓ **Environmental accidents and penalties:** The Company understands the environmental accidents or administrative penalties that occurred during the reporting period of the issuer and its subsidiaries, as well as their rectification measures, and pays attention to online and media reports on environmental accidents.
- ✓ **Environmental requirements for fund raising and investment projects:** The Company confirms the approvals required from relevant authorities regarding safety and environmental protection involved in fund raising and investment projects, and clarifies the adopted environmental protection measures, their sources of funds, and amounts.

Social

- ✓ **Implementation of social security system:** The Company confirms the specific implementation of the social security system, housing system reform, and medical system reform by the issuer, and obtains payment vouchers for social insurance and housing provident fund-related expenses to ensure compliance.
- ✓ **Labor protection compliance and dispute resolution:** The Company assesses whether the issuer has ever had disputes or penalties due to violations of employee labor protection-related regulations, and reviews relevant labor dispute records and their settlement measures.
- ✓ **Comparison of employee compensation levels:** The Company compares the wage levels of the issuer's employees with the average level in the local area or the average level of listed companies in the same industry, and analyzes the rationality of the compensation structure and its market competitiveness.

Corporate governance

- ✓ **Corporate governance structure and internal control:** The Company pays attention to the articles of association of the issuer and its standardized operation; confirms the integrity and compliance of the articles of association and reviews their actual implementation; assesses whether the organizational structure of the Company is reasonable and whether the operation of the three meeting system is standardized; reviews the establishment of independent directors and their performance of duties; evaluates the overall internal control environment of the issuer, and audits the issuer's business control, information system control, accounting management control, and internal control supervision.
- ✓ **Business integrity and independence verification:** The Company investigates the business credit records of the issuer, and verifies the specific situation of the issuer maintaining independence during the operation process to ensure that it is not affected by major shareholders or other related parties.
- ✓ **Related-party transactions and competition situation:** The Company assesses whether there is horizontal competition between the issuer and its controlling shareholder to ensure fair competition and minimize conflicts of interest, and reviews the disclosure and approval procedures of related party relationships and their transactions.
- ✓ **Tax compliance and dispute resolution:** The Company reviews the tax-paying situation of the issuer and its holding subsidiaries, and confirms whether there are unresolved tax issues and the corresponding resolution progress.



case Incorporation of ESG considerations in the due diligence of Chao Yan Co., Ltd.'s GEM IPO project

In the due diligence process for the Initial Public Offering (IPO) project of Shantou Ultrasound Instrument Research Institute Co., Ltd. (referred to as "Chao Yan Co., Ltd.," stock code: 301602) on the Growth Enterprise Market (GEM), the company conducted a comprehensive ESG risk assessment of the enterprise based on the aforementioned ESG factors. The company carried out due diligence according to ESG requirements, helping the enterprise rectify and effectively control existing risks, and supporting the successful listing on the GEM. The company guides investment banking work with ESG factors, helping China's ultrasound "pioneer" to shine again, empowering the innovative development of human health and safety, and diligently practicing the "serving the national strategy," fully leveraging the functional roles of "technology finance" and "inclusive finance."



case The Company built an ESG evaluation model for stock pledge services

The Company actively explores the integration of ESG concepts into its business operations. Based on the absorption and reference of relatively mature overseas ESG evaluation frameworks, and combined with China's development stage and national conditions, the Company independently built an ESG evaluation model for underlying securities that includes 3 dimensions, 17 major issues, and 43 secondary issues. This model is applied to the practice of the stock pledge business to strengthen the ability to identify risks, discover enterprises with long-term value, and implement the national strategic orientation. By playing the demonstration effect and transmission mechanism of financial institutions, the Company guides funds to flow to enterprises and projects with excellent ESG performance, thus serving the national strategy.

	Conventional evaluation factors	ESG evaluation factors
Financier	Compliance, solvency, etc.	+Climate and environmental impact Social and public obligations Corporate governance anomalies
Purpose of financing	Compliance, operational and realizability	+Clean energy, greening SRDI High-pollution, high-energy-consumption, and overcapacity industries
Underlying securities	Profitability, operational capacity, solvency Cash flow, fraud identification indicator valuation, liquidity	+Climate/pollution/green development, etc. Employees, consumers, public governance system, information disclosure, governance anomalies, etc.

Excerpts from the ESG rating model for stock pledge services



case CGS International established ESG Integration Framework to manage ESG risks

The ESG Integration Framework (ESGIF) launched by CGS International aims to provide systematic guidance on integrating ESG into the Company's business, define revenue eligibility criteria, and establish a scientific measurement and reporting mechanism to support CGS International's ESG risk management. ESGIF is gradually applied to financing activities, the distribution and sale of listed securities, and the development of ESG-labeled products, covering various asset classes such as stocks, bonds, structured notes, and funds.

In terms of green financing, equity and debt financing will align with international capital markets, and be comprehensively evaluated and confirmed by the Sustainability Department of CGS International. Regarding the distribution and sale of listed securities, only securities with an ESG rating reaching above a specific threshold can pass the evaluation. In the development of ESG-labeled products, the Business Department applies the "ESG Integration Approach" of the CFA Institute, selects securities with high ESG ratings, and provides professional consulting services based on the *Green Bond Principles*.

Indicators and Targets

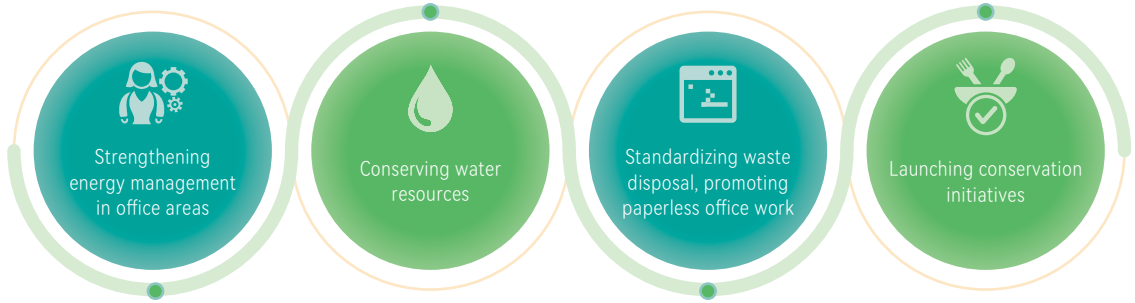
The Company takes "controlling level of environmental and climate risks within a range acceptable to the Company" as the core objective of ESG risk management in investment and financing. In 2024, all business departments of the Company comprehensively promoted ESG risk management measures in daily operations and project evaluations to ensure that environmental and climate risks are effectively controlled and remain within a range acceptable to the Company.

1.4 Green operation

As a financial institution, the energy consumed by China Galaxy Securities for operation mainly includes electricity, natural gas, as well as gasoline and diesel consumed by its own vehicles. The water resources the Company uses are sourced from municipal water supplies, and there were no difficulties in obtaining water sources in 2024. The waste generated mainly consists of office waste, kitchen waste, used batteries, toner cartridges, ink cartridges, and used electronic products.

The Company practices the concept of green office and complies with laws, regulations, and relevant provisions such as the *Environmental Protection Law of the People's Republic of China*, *Law of the People's Republic of China on Noise Pollution Prevention and Control*, and *Circular Economy Promotion Law of the People's Republic of China*. The Company improves the efficiency of energy and resource use and reduces the environmental impact of various business activities.

In 2024, the Company comprehensively fulfilled the concept of green operation by



With efficient operation, CGS contributes to building a more environmentally friendly and sustainable future.



Key green operation measures of CGS in 2024

Topic	Measures
Energy management	<ul style="list-style-type: none">✔ "Turn off the lights when leaving" reminders were posted in office areas to call for lights and air conditioners to be turned off when people leave.✔ Property management staff were assigned to regularly check and turn off the lighting power in office areas every day.✔ The heating period of water dispensers was from 6:00 to 23:00 every day.✔ The air conditioner temperature settings in office areas was dynamically adjusted according to weather changes, and the air conditioners in vacant areas were subject to patrol inspection from time to time and turned off.✔ The Company advocated strengthened environmental awareness of employees to reduce the energy consumption of computers and air conditioners.
Water resources management	<ul style="list-style-type: none">✔ Signs such as "Save water" in water-using areas were posted to encourage water conservation.✔ The Company's office building was equipped with sensor-activated faucets.
Waste management	<ul style="list-style-type: none">✔ The Company launched the activity "Practicing Thrift, Clearing Your Plates, Turning Waste into Treasure" on World Food Day.✔ The Company continued garbage classification and increased the frequency of cleaning patrols in office areas.✔ The Company reduced the use of plastic garbage bags to minimize environmental pollution.✔ The Company promoted double-sided printing to save office paper.✔ The Company set up independent collection bins to specifically collect kitchen waste and domestic waste, and arranged property management staff to separately collect waste paper in office areas.✔ For the treatment of toner cartridges, the Company cooperated with suppliers for recycling and reuse.✔ For the scrapping of electronic equipment, most of it is harmlessly recycled through qualified professional recycling companies in the market. A small number of electronic equipment with remaining use value was used for technical assistance or as inventory spare parts, reducing pollution and resource waste.
Paperless operation	<ul style="list-style-type: none">✔ The Company actively promoted the construction, upgrading, and transformation of office automation, and optimized the "Employee Service Hall" and the employee digital platform.✔ In 2024, the Company's office automation system completed more than 480,000 official document processes, saving over 1.3 million sheets of paper.✔ The Company developed an off-site account opening function to achieve online and integrated service for business handling, and developed and launched an intelligent teller machine (VTM), enabling business handling without the assistance of paper materials.✔ The Company launched the electronic project of the investor education area in its business outlets and continued to promote it, replacing the paper display boards and strengthening the unified management of the education area. The Company reduced the paper consumption when updating the content of the display boards.



Initiative on practicing thrift by CGS

PUE of the main leased data centers of CGS







In terms of the construction of green data centers, the Company continuously strengthens the management of leased data centers by urging the implementation of green energy-saving measures and improving the energy-use efficiency of data centers.

Note: PUE is the abbreviation of power usage effectiveness, an indicator for evaluating the energy efficiency of data centers. The PUE values of the Company's four leased data centers are estimates and are annual averages.

Based on its own operational characteristics, CGS developed green operation goals. The Company continuously optimizes the implementation methods of these goals, and regularly tracks and assesses the progress of goal completion to ensure the effective implementation of key measures and to reduce resource consumption and environmental pollution. This contributes to the overall advancement of society towards a more environmentally friendly and sustainable direction.

Green operation indicators and targets of CGS

Indicator	Targets	2024 performance
 Power consumption per capita	Power consumption per capita at a relatively low level	2.16 MWh/person
 Water consumption per capita	Water consumption per capita at a relatively low level	7.35 ton/person
 Amount of hazardous waste generated	Amounts of hazardous and non-hazardous waste generated at relatively low levels	A total of 1,501 waste electronic products discarded
 Amount of non-hazardous waste generated		1,042.65 tons
No significant impact on the environment and natural resources at the operational level or confirmed violations that are related to environmental protection and have a significant impact on the Company		Achieved

CHINA GALAXY
SECURITIES

02

PART TWO

Firmly Upholding the Original Aspiration and Beliefs to Enhance CGS's Services

CHINA GALAXY SECURITIES >>>>>>>

China Galaxy Securities adheres to the mission of serving national strategies. The Company deepens its service to the real economy, actively promotes responsible investment, strengthens customer service, and enhances investor education. CGS is committed to creating long-term value for society, customers, and investors. The Company strengthens supplier management to contribute to the sustainability of the supply chain.

Responding to the issues of:



Timely handling rate of customer complaints reached
100%

"A" grade in the evaluation of the securities company's investor education work



The total number of personal pension accounts opened exceeded
100,000

Corresponding UN Sustainable Development Goals:



Feature

Keeping Pace with the Times and Taking on the Mission of Serving China's Building into a Financial Power

CHINA GALAXY SECURITIES

Governance

China Galaxy Securities established a leading group for serving national strategies with the President as the group leader, centering around the main theme of high-quality development. In 2024, the Company further optimized the "3+3+1" performance assessment system for serving national strategies. A full-process closed-loop mechanism of "conveying and learning, deploying and implementing, tracking and evaluating effectiveness, assessing and evaluating, and holding accountable and rewarding" is adopted to stimulate the internal driving force for serving national strategies.

CGS's "3+3+1" performance assessment system for serving national strategies

Three evaluation parts	Covering three main entities	One overall coordination leading institution
Preliminary evaluation	Headquarters of the Company	Leading group for serving national strategies The President serves as the group leader, and the leaders in charge of various businesses serve as deputy group leaders, ensuring that the efforts in serving national strategies are carried out in a down-to-earth manner in terms of organization.
Quantitative assessment + qualitative evaluation	Subsidiaries, each business line	
Bonus points for selected cases	Branches	

Strategy

The Company adheres to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implements the spirit of the Third Plenary Session of the 20th Central Committee of the Communist Party of China, the Central Financial Work Conference, and the Central Economic Work Conference, fully implements the CPC Central Committee's deployment on financial services for the real economy, improve the "five major areas of finance," and contributes the strength of CGS to the high-quality development of serving national strategies.

Opportunities and response strategies for serving national strategies of CGS

Main opportunity type	Time range of impact	Financial impact	Response strategies
Market opportunities Opportunities in products and services	Short, medium, and long term	Operating revenue ↑ Investment portfolio value ↑	The Company focuses on its main business around the "five major areas of finance," creates models, deepens synergy, and establishes exemplary and sustainable collaborative service models.

Impacts, Risks, and Opportunities Management

The Company strengthens the unified leadership of the work of serving national strategies from a high-level political stance, and gives full play to our key role in setting the direction, managing the overall situation, and ensuring implementation. Through mechanism innovation, CGS comprehensively improves the systematicness and effectiveness of the work.

Innovation in the mechanism of CGS serving national strategies in 2024

Aspects	Initiatives
Overall planning	<ul style="list-style-type: none">✓ The Company strengthened the role of the Leading group for serving national strategies, and regularly convened meetings to study and arrange related work.✓ The Company set up special reports in quarterly and semi-annual business operation meetings to ensure the in-depth integration of national strategies and the Company's development.
Decomposition and implementation	<ul style="list-style-type: none">✓ The Company formulated the <i>2024 Annual Work Plan for Serving National Strategies</i>, which was elaborately decomposed into 15 specific tasks.✓ The Company supervised the work highlights and existing problems of each unit quarterly to ensure that all work was effectively implemented in the aspects of planning, execution, and supervision.
Stimulating innovation	<ul style="list-style-type: none">✓ The Company gave full play to the advantages of the network layout of its branches, deeply integrated into regional economic development, and strengthened cooperation and exchanges with local governments.✓ The Company formed a number of benchmark projects serving national strategies in Hainan, Shanghai, Zhejiang, and other places.✓ The Company held seminars on serving national strategies, communicated and had discussions with front-line employees to build consensus across the entire system.
Assessment-led	<ul style="list-style-type: none">✓ The Company formulated the <i>Assessment and Evaluation System for the Company's Service of National Strategies</i>, covering business lines, branches, subsidiaries, and headquarters departments in an all-around way.✓ The Company increased the weight of functional assessment, optimized the differential assessment methods, and added assessment bonus options and incentive mechanisms to ensure that all arrangements were carried out earnestly and achieved tangible results.

In 2024, during the process of business development, the Company always actively practiced the philosophy of "serving our country through finance and putting customers first." Centering around the central economic and financial policies, guidelines, and major arrangements, the Company comprehensively implemented the strategic plan of "Five-in-One" and "Three-in-one", strengthened a combination of measures for comprehensive financial services, and improved the "five major areas of finance" of a financial powerhouse.

Key initiatives of CGS for improving the "five major areas of finance"

- ✓ The Company supported the issuance of 24 green bonds, with a total issuance amount of RMB 88.959 billion, and underwrote green-related bonds of approximately RMB 10.6 billion.
- ✓ The Company provided a re-loan repurchase and share-increasing business of RMB 800 million to listed companies in the green industry and supported related enterprise mergers, acquisitions, and restructurings, involving an amount of RMB 11.5 billion.
- ✓ By the end of 2024, the Company's balance of green-related equity and debt investments reached RMB17.2 billion.
- ✓ For more green finance practices, please refer to the "Green finance" section of this report.
- ✓ The Company underwrote pension-finance-related bonds of approximately RMB 470 million. The balance of equity and debt investments was RMB 3.311 billion.
- ✓ The Company launched the "STAR Pension" pension finance service system. The cumulative number of personal pension accounts opened within the year exceeded 100,000, and both the total number of accounts opened and the number of new customers remained leading in the industry.
- ✓ The Company established a medical and health industry fund, helped financial institutions issue pension-themed financial bonds, supported medical and health enterprises to go public on the Hong Kong stock market, organized leading domestic medical enterprises to conduct overseas inspections, and comprehensively empowered the high-quality development of the medical and health industry, contributing to the building of a healthy China.

Technology
financeGreen
financeInclusive
financePension
financeDigital
finance

- ✓ The Company underwrote bonds related to the construction of science and technology innovation and modern industrial systems, with an amount of approximately RMB 36.6 billion. The balance of equity and debt investments was RMB 25.7 billion, and CGS assisted science and technology innovation enterprises in completing mergers, acquisitions, and restructurings with an amount of RMB 21.377 billion.
- ✓ The Company cooperated with the Department of Science and Technology of Heilongjiang Province to hold the "Science and Technology Leading & Financial Empowerment" Longjiang Science and Technology and Finance Conference, promoting the implementation and transformation of scientific and technological achievements.
- ✓ Relying on the funds from the Hainan Free Trade Port and the Shanghai "Great Neo Bay Fund," the Company completed investments in new material and commercial satellite enterprises. CGS continuously supplied high-quality enterprises to the Beijing Stock Exchange and helped a number of scientific and technological innovation enterprises go public on the Hong Kong stock market.
- ✓ Twenty-nine enterprises invested by the Company were selected on the list of national specialized, refined, differential and innovative "little giant" enterprises. The Company fully supports the rapid development of China's emerging industries and injects financial impetus into scientific and technological self-reliance.
- ✓ The Company underwrote inclusive-finance-related bonds of approximately RMB 18.5 billion. The balance of equity and debt investments was RMB 42.048 billion. CGS supported small, medium-sized and micro-enterprises in hedging transactions with an amount of RMB 134.887 billion, a year-on-year increase of 19%.
- ✓ The Company continuously improved the quality and efficiency of investment consulting and investor education for small and medium-sized investors. The total number of serviced customers exceeded 17.3 million, and the total assets of customers exceeded RMB 5 trillion. The holding scale of inclusive financial products was approximately RMB 170 billion. The Company has won the honorary title of "New Fortune Best Investment Advisor Team" awarded by New Fortune for 7 consecutive years. For more practice, please refer to the "Investor education" section of this report.
- ✓ The Company helped a number of financial institutions issue small and micro-enterprise loan-backed securities. The camel industry project of the rural revitalization special bond in Aksu, Xinjiang, was successfully selected as a "Typical Case of Financial Empowerment for a Better Life" in the financial powerhouse program of CCTV Finance.
- ✓ The Company supported the development of the whole industrial chain of Jingning apples and the improvement of their brand value, promoted consumption upgrading, and continuously demonstrated the exemplary role of the "CGS Solution" in rural revitalization. For more practices, please refer to the "Promoting rural revitalization" section of this report.
- ✓ The Company underwrote digital-finance-related bonds of approximately RMB 3.3 billion. The balance of equity and debt investments was RMB 11.5 billion.
- ✓ The Company's "Bond Inquiry and Quotation Robot Based on AI Technology" was successfully selected as one of the first pilot projects of "Data Elements × Capital Market," setting an industry benchmark for the innovative application of data elements.
- ✓ The Company supported the digital industry enterprise Baiwang Co., Ltd. to go public in Hong Kong, creating the "first e-invoice stock" on the Hong Kong stock market and promoting the development of China's electronic finance and taxation.
- ✓ The Company took the lead in assisting the Technology Supervision Department of the China Securities Regulatory Commission in compiling the work baseline for the systematic application of commercial cryptography and the online guide for the application of commercial cryptography in the securities industry, leading the promotion of the application of national cryptography in the industry, promoting the implementation of industry standards, and contributing to the building of a digital China.



case The Company developed "pension finance"

The Company established the comprehensive pension finance service brand "CGS Xing An Yang" to provide the people with warm and in-depth pension finance services.



Based on the pension scenario, the pension investment cases of "Grandfather, Father, and Son" were launched.



Diagrammatic illustration of the "CGS Xing An Yang" comprehensive financial service system



case

Using the DMA model, the Company facilitated investment in the constituent stocks of the "five major areas of finance" index

The Company, by leveraging the DMA model, combines quantitative trading strategies with derivative hedging, provides risk management tools, and guides funds to be invested in the constituent stocks of the indexes related to the "five major areas of finance" serving national strategies, such as those of small, medium and micro enterprises, the SRDI Index, the Northeast Area Revitalization Index, and the Yangtze River Delta Index. In 2024, the cumulative trading volume amounted to RMB 160.541 billion.



case

The Company is among the first securities companies to obtain the qualification of a securities firm for the Cross-boundary Wealth Management Connect Scheme

In November 2024, the Company officially obtained the pilot qualification for the "Cross-boundary Wealth Management Connect Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area" (hereinafter referred to as the "Cross-border Wealth Management Connect") business. The Company is one of the first securities companies to receive this qualification. The issuance of this business qualification expands the scope of pilot participating institutions to include securities companies, which helps to give full play to the professional advantages of securities companies in the fields of technology, investment research, wealth management, cross-border investment and financing services, etc. Investors in the Guangdong-Hong Kong-Macao Greater Bay Area can enjoy more diversified, professional and high-quality cross-border investment and financial services.







CGS is among the first securities companies to obtain the qualification for the Cross-border Wealth Management Connect

Indicators and Targets

The Company formulated the *2024 Annual Work Plan for Serving National Strategies*, refining strategic tasks into various aspects such as planning, execution, and supervision to ensure the orderly progress of all work and the achievement of expected goals. This enables the Company to respond efficiently to national strategies and enhance its ability and contribution to serving the overall national development. For the goals and completion status of green finance, please refer to the "Green finance" section.

Targets and completion status of CGS's service to national strategies

Type	Targets	Completion status in 2024
 Technology finance	<p>The Company focuses on leading-edge technology enterprises in "chokehold" fields, increases efforts in exploring and serving "SRDI" enterprises, and helps distinctive small and medium-sized enterprises to be listed on the Beijing Stock Exchange.</p>	<p>✓ Twenty-nine enterprises invested by the Company were selected on the list of national specialized, refined, differential and innovative "little giant" enterprises.</p>
 Inclusive finance	<p>The Company is engaged in underwriting bonds in the field of scientific and technological innovation, with a focus on bonds related to Mass Entrepreneurship and Innovation, scientific and technological innovation bonds, and bonds of science and technology enterprises.</p>	<p>✓ The Company underwrote bonds related to the construction of science and technology innovation and modern industrial systems, with an amount of approximately RMB 36.6 billion. The balance of equity and debt investments was RMB 25.7 billion, and CGS assisted science and technology innovation enterprises in completing mergers, acquisitions, and restructurings with an amount of RMB 21.377 billion.</p>
 Pension finance	<p>The holding scale of the Company's inclusive financial products reaches RMB 137.5 billion.</p>	<p>✓ The holding scale of the Company's inclusive financial products is approximately RMB 170 billion, which has been achieved.</p>
 Digital finance	<p>The Company jointly promotes the pension finance business and improves the serviceability of pension wealth management.</p>	<p>✓ The Company launched the "STAR Pension" pension finance service system, and the cumulative number of personal pension accounts opened within the year exceeded 100,000.</p>
	<p>The Company creates an innovation benchmark in the field of digital finance, promotes the in-depth integration of the digital industry and the capital market, and contributes to the building of a digital China.</p>	<p>✓ The Company underwrote digital-finance-related bonds of approximately RMB 3.3 billion. The balance of equity and debt investments was RMB 11.5 billion.</p> <p>✓ The Company's "Bond Inquiry and Quotation Robot Based on AI Technology" was selected as one of the first pilot projects of "Data Elements × Capital Market," setting an industry benchmark.</p> <p>✓ The Company supported Baiwang Co., Ltd. to go public on the Hong Kong stock market, creating the "first e-invoice stock."</p> <p>✓ The Company took the lead in compiling the application guide for commercial cryptography in the securities industry, promoting the implementation of industry standards.</p>

2.1 Responsible investment

The Company established an organizational structure and management system for responsible investment, regarding responsible investment as one of the material ESG issues of the Company. The FICC Business Headquarters, Fixed Income Headquarters, Equity Investment Headquarters, Galaxy Jinhui, Galaxy Capital, Galaxy Yuanhui, CGI, and CGS International serve as the responsible units for incorporating ESG factors into responsible investment in different asset classes. The Risk Management Department acts as the responsible department for integrating ESG factors with risk management, and the Research Institute serves as the department providing analytical support for ESG factors in the investment process. These departments collaborate to jointly promote the practice of responsible investment.



The Company actively implements the principles of responsible investment during the investment decision-making and post-investment management processes. CGS incorporates ESG-related factors into the investment considerations of asset classes such as listed equities, fixed income, private equity, and alternative investments. The Company applies responsible investment strategies such as screening, ESG integration, thematic investment, corporate engagement, and shareholder activism, and focuses on investment targets that may bring more stable returns in the long term, continuously improving the comprehensiveness and forward-looking nature of investment decisions.

Application of responsible investment strategies of CGS in 2024

Responsible investment strategies	Listed equities ¹	Fixed income	Private equity	Alternative investments
Screening	✓	✓	✓	✓
ESG integration				✓
Thematic investment		✓	✓	✓
Impact investment		✓	✓	✓
Corporate engagement and shareholder activism	✓	—	✓	—

1. The listed equity investment of the Company involves investments in emerging markets and mature markets.



case

Galaxy Jinhui launched "Morningstar ESG Sustainability No. 1 Collective Asset Management Plan"

In 2023, Galaxy Jinhui launched the "Morningstar ESG Sustainability No. 1 Collective Asset Management Plan." Upholding the concept of combining "ESG with value-based investment," Galaxy Jinhui selects industries and individual stocks for investment by comprehensively considering factors such as value, growth, trends, market sentiment, and ESG. This plan aims, through strict investment criteria, not only to pursue financial returns but also to support sustainability in environmental, social, and governance aspects, providing investors with investment options that balance social responsibility and long-term growth potential.

By the end of 2024, the total asset value of this collective asset management plan was RMB 1.39 million.

The Company attaches importance to building the responsible investment capabilities of its investment teams. The Research Institute takes the lead in providing internal ESG research support to various business departments and conducting ESG training for analysts. In 2024, with the support of the Research Institute, CGI carried out a training program themed "Sustainable Investment and ESG Value: Exploration and Practice" to enhance employees' awareness of responsible investment and their professional capabilities. A total of 53 people participated in this training.

2.2 Customer service quality

Governance

China Galaxy Securities is committed to providing comprehensive financial services that integrate wealth management, investment banking, institutional business, international business, and investment trading, as well as the coordinated operations of parent and subsidiary companies. Given the wide-ranging nature of the wealth management clientele and their diverse needs, the Company adheres to the "customer-centric" concept and has established a service system featuring "customer classification, investment advisor grading, service stratification, product diversification, and technological support" to continuously enhance the quality of customer service and the customer experience.

Wealth management customer service system of CGS

Customer classification	Service stratification	Product diversification	Investment advisor grading
Enterprise customers	Entrepreneur's Office Comprehensive Financial Solutions	Comprehensive equity services such as market value management, corporate governance, and equity incentive; wealth management services such as family inheritance, philanthropic growth, and family trust	—
Institutional customers	PB+Xing Yao Manager Club Comprehensive financial services + professional strategy services Customized services of Xing Shan Plan	Personalized services, digital investment research, algorithm platforms, TDC strategy services, customized express solutions, etc.	—
High-net-worth individual customers	"CGS Jin Yi" high-net-worth customer service brand CGS Jin Yi "STAR" service comprehensive financial solution professional strategy services	CGS family trust Xing Xiang Family service trust Dynamic asset allocation services/TDC strategy services	Fortune Star-Private Exclusive Fortune Star-Fund Manager (customized)
Wealth customers	Fortune Star Series Services Online + offline	Equity private placements, structured private placements, financing services, etc.	Fortune Star-Premium Fund Collection Fortune Star Plus-All-Star
Retail long-tail customers	Intelligent services Online standardization	Public funds, fixed-income products, TDC, pension wealth management products, etc.	Fortune Star-Fund Manager Fortune Star-Stocks/ETFs Fortune Star-Allocation

Technological support

WeCom Integrated Service Platform

Wealth Management Platform

China Galaxy Securities APP

CRM Integrated Service Platform

Strategy

The Company actively identifies risks related to customer service and formulates the *2023-2025 Strategic Action Plan for Business Lines and Subsidiaries* to help build a comprehensive financial service system, achieving synergy across the entire business chain and value extension.

Main risks and response strategies for customer service quality of CGS

Risk category	Time range of impact	Financial impact	Response strategies
Operational risk Market risks Reputation risks	Medium and long term	Operating revenue ↓	<p>The Company uses intelligent, digital, and professional services and tools to expand the scope of customer service, cultivate and explore customer value, and improve the quality of the customer base.</p> <p>The Company comprehensively assesses customer needs, fully integrates business resources, provides customers with a full range of products and multi-market options, and offers comprehensive and diverse financial services.</p>

Impacts, Risks, and Opportunities Management

The Company focuses on creating a top-tier service brand among securities firms and strives to achieve high-quality and efficient customer service. In 2024, the Company took multiple measures to comprehensively optimize the customer experience.

Key customer service measures and achievements of CGS in 2024

Measures	Achievement
Improving customer service efficiency	<p>✓ The Company answered 713,700 customer calls, a year-on-year increase of 36.22%. The cumulative call duration was 40,800 hours, a year-on-year increase of 45.55%.</p>
Continuously expanding intelligent application scenarios	<p>✓ The Company optimized the intelligent return visit function experience, and the business scenarios covered by the intelligent outbound call system increased to 18.</p> <p>✓ The Company built a new version of the online customer service for clients and the agent assistant based on large language model technology. After the new version of the online customer service was launched, the manual transfer rate decreased from the original 39% to 12%, a drop of 69.23%.</p>
Strengthening the optimization of trading service functions	<p>✓ The Company promoted 26 IT requirements for trading services of peripheral and counter systems, and 20 of them have been launched.</p>
Conducting customer satisfaction surveys	<p>✓ The customer satisfaction of the telephone customer service (95551) of the Company was 99.03%, a year-on-year increase of 0.27%.</p> <p>✓ The Company conducted satisfaction surveys on the customers who were subject to return visits. The satisfaction of newly-opened customers in 2024 was as high as 98.83%.</p>



case

CGS's Tiangong 2.0 institutional business comprehensive service platform helps solve cross-business operation problems

CGS's institutional business continues to strengthen its business characteristics, and promotes the deep integration of technology and business. The Company launches the CGS Tiangong Web Portal 2.0 and the CGS Tiangong APP. It further optimizes and iterates the comprehensive service chain for institutional customers, and realizes the online reconstruction of the whole process of derivative business, greatly shortening the business processing cycle. By using intelligent agents to transform the existing large model robots, the derivative business achieves one-stop inquiry and ordering services, and the accuracy rate of the Q&A database for the custody business reaches 98%, effectively improving the customer service experience.



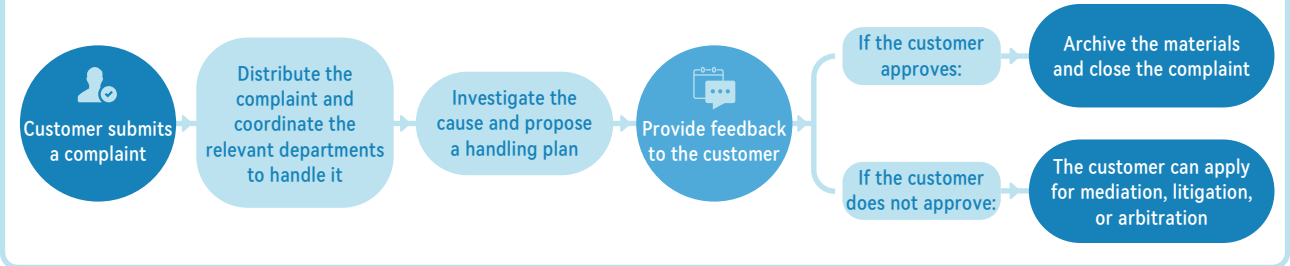
CGS's Tiangong comprehensive service platform for institutional business

The Company formulated the *Detailed Rules for the Handling of Customer Complaints in Wealth Management Business* to standardize the workflow of customer complaint handling, determine the time limit for complaint handling, and achieve closed-loop management of complaint handling.

Complaint communication channels of CGS



Customer complaint handling process of CGS



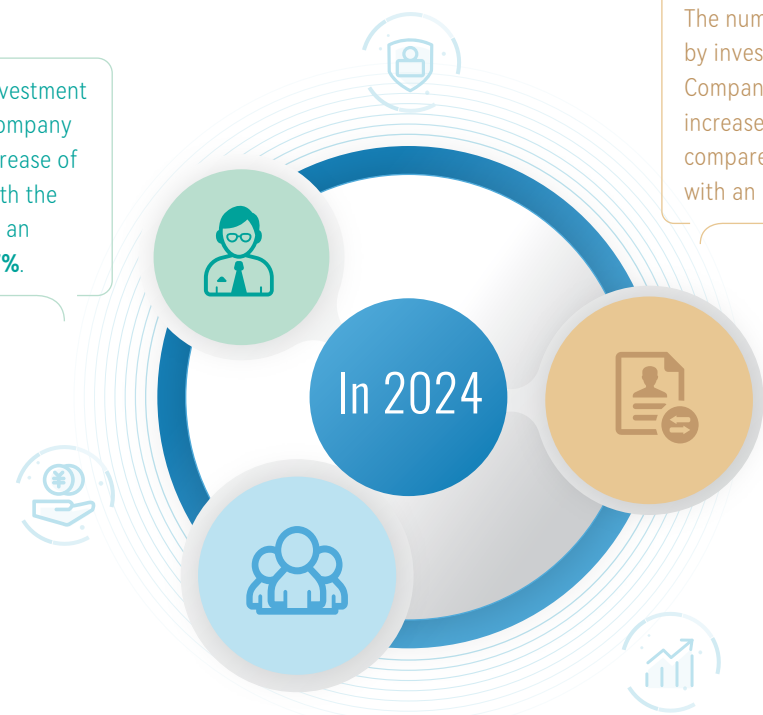
Indicators and Targets

China Galaxy Securities takes improving customer service quality as its core goal, continuously improving the customer service system. CGS is committed to enhancing customer satisfaction, ensures efficient and timely complaint handling, and creates an excellent customer service experience.

2024 customer service quality indicators and targets of CGS

Targets	Indicator	2024 performance
The Company gives full play to its role in guiding residents in wealth management, improves the service system of "customer classification, service stratification, product diversification, investment advisor grading, and technological support," continuously builds and upgrades the CGS Wealth Management brand, and continues to maintain its leading position in the industry.	Satisfaction rate of new customer follow-up visits	98.83%
	Timely handling rate of customer complaints	100%

The number of investment advisors in the Company was **4,056**, an increase of **258** compared with the end of 2023, with an increase rate of **7%**.



The number of customers served by investment advisors in the Company was about **376,200**, an increase of about **48,300** compared with the end of 2023, with an increase rate of **15%**.

A total of **7,475** people have signed contracts under the "CGS Jin Yi" high-net-worth customer service brand, with a total net asset value of the signed contracts amounting to RMB **200.265** billion.

2.3 Investor education

China Galaxy Securities actively implements the spirit of the *Opinions of the General Office of the State Council on Further Strengthening the Protection of the Lawful Rights and Interests of Small and Medium-sized Investors in the Capital Market*, and formulates systems such as the *Measures for the Management of Investor Education*, the *Implementation Rules for Investor Education Management of Branch Offices*, and the *Guidelines for the Protection of Investors' Rights and Interests*. The Company established a working group for investor protection and education to improve the management system for investor protection and education.

In 2024, to thoroughly study and implement the spirit of the Third Plenary Session of the 20th Central Committee of the Communist Party of China, the Central Economic Work Conference, the Central Financial Work Conference, and the relevant arrangements of the new "National Nine Articles," and to promote the in-depth development of investor education and protection, the Company formulated the "2024 Investor Education Activity Plan: 'Empowering Rights, Envisioning Beauty in the Future,'" and orderly promoted various investor protection and education activities throughout the year.

Key work on investor protection and education of CGS in 2024

High-level construction of investor education bases



- ✓ Online, relying on the advantages of the national-level "excellent" Internet-based investor education base, the Company achieved full coverage of media channels where the base is stationed. CGS released a new version of the base's promotional video, which was reported by authoritative media such as Xinhua News Agency and Xuexi Qiangguo, enhancing brand influence.
- ✓ Offline, through physical bases, the Company strengthened the supply of investor education services in remote areas and second-and third-tier cities. CGS promoted the implementation of the "Investor Education V-Base" program, coordinated with branches to create a national "one-screen" for investor education, and formed a synergistic effect of "online-offline, multi-base linkage."

Shaping of characteristic activity brands



- ✓ The Company innovatively launched the second Investor Education Forum, integrating industry and academia to deeply analyze the "five major areas of finance."
- ✓ The Company launched the National Education Campaign to help investors improve their financial literacy, strengthen risk awareness, and establish the concepts of rational investment, value investment, and long-term investment.
- ✓ The Company integrated regional intangible cultural heritage characteristics and held activities such as the "Beijing Central Axis" check-in activity, which was recognized by the regulating authorities.

Integration of investor education and business



- ✓ The Company provided investors with "useful, interesting, and beneficial" investor education content. CGS produced a series of knowledge-popularizing products focusing on key businesses such as ETFs, bonds, dividends, delisting, and market hotspots.
- ✓ The Company continued to create a series of "solving practical problems for the people" products centered on topics such as basic customer service, rights-protection and relief.
- ✓ The Company carefully produced creative posters, short videos, micro-films, etc. on investment concepts and risk prevention to better meet investors' wealth management needs and jointly cultivate a rational investment culture.

Promoting the integration of investor education into the national education system



- ✓ The Company deepened its efforts and successfully published the digital course *New Thinking on University Financial Quotient and Innovation and Entrepreneurship*.
- ✓ The Company pooled efforts and held activities such as the signing ceremony of the four-party cooperation of the University of International Business and Economics and the New Quality Productivity Forum, the second-phase summer capital market practice course of the Peking University Law School, and the second resume competition of Renmin University of China.



case

The Company cultivates a rational investment culture among investors by actively publicizing stories of financial culture with Chinese characteristics

The Company actively cultivates and promotes the financial culture with Chinese characteristics, and holds a themed exhibition on the financial culture with Chinese characteristics, which centrally displays relevant work achievements and practice stories. The exhibition attracted over 5.5 million visitors, and has been published in Shenzhen Stock Exchange News. The Company is determined to be a model practitioner and an active disseminator of the financial culture with Chinese characteristics.



Publicity and education of financial culture stories of CGS



case

The Company actively organized investor education work on publicly offered REITs

The Company produced and launched the series of content titled All About REITs, and reprinted various graphics and texts related to REITs investor education, expanding the awareness of REITs funds among retail customers. In 2024, CGS's retail customers successively participated in the public investment offerings of 11 publicly offered REITs funds. The cumulative entrusted sales volume before the allotment was approximately RMB 2.8 billion.



In 2024

The Company was rated "excellent" for six consecutive years in the annual assessment of national-level investor education bases organized by the China Securities Regulatory Commission.

The Company's investor education work assessment in the securities company category was rated as "Grade A."

The Company won the Excellent Member of Investor Education Work in 2023, the special award for the "I'm a Shareholder" activity, and the Excellent Practice Case Award for Investor Protection, all issued by the Shanghai Stock Exchange.

The Company was recognized as an Excellent Member of Investor Education Work in 2023, and received the Excellent Organization Award for the investor education activity themed "Forge Ahead with Vigorous Efforts," both issued by the Shenzhen Stock Exchange.

The Company won the "Gold Award" in the Investor Protection Video Competition of "Shareholders on the Go" (2024) organized by the China Securities Investor Services Center.

The Company won the "Most Valuable Award for Dissemination" and three "Excellence Awards" in the 4th National Investor Education Animation Competition.

The Company was awarded the "Best Inclusive Finance Investor Education Innovation Pioneer Award" in the Financial Services Special Session of the 2024 China International Fair for Trade in Services.

The Company won the "2024 Most Influential Securities Firm Investor Education Base" of the Jin Ding Award of *National Business Daily*.

The Company won the "Innovative Internet Investor Education Base Award" in the 2024 First "Caillian Xingyin Cup" Annual Financial Education Selection by Caillian Press.

The Company won the "Outstanding Internet Investor Education Base Award" in the annual selection of the 13th "Jin Zhi Award" of JRJ.com.

2.4 Supplier management

The Company is a financial industry enterprise. The main types of suppliers include information technology hardware and software manufacturers, property management service providers, office supplies suppliers, and audit service providers. The Company strictly abides by laws and regulations such as the *Government Procurement Law of the People's Republic of China*, and the *Bidding Law of the People's Republic of China*. Taking the *Basic Measures for Procurement Management* as the core of its institutional system, the Company standardizes the management of suppliers and ensures the efficient and compliant operation of procurement activities.

In 2024, the Company newly formulated and published the *Basic Measures for Procurement Management*, further improved the regulations on the Company's procurement activities, specified the responsibilities of relevant departments in detail, and clearly stated the priority of purchasing energy-saving and eco-friendly products. The Company strengthened the whole-life-cycle management of suppliers based on the *Basic Measures for Procurement Management*. Through market research, CGS fully understood the environmental and social risks of various suppliers, and screened, evaluated, and regularly reviewed suppliers.

The Company requires all suppliers participating in CGS's procurement projects to abide by strict business ethics standards. When signing contracts with suppliers, provisions related to anti-commercial bribery are included to prevent any behavior that undermines the fairness of procurement, affects the procurement process, interferes contract execution, or attempts to obtain undue benefits. A supplier blacklist is established in the procurement system. The Company attaches great importance to the data security management of suppliers. For specific practical measures, please refer to the "Information safety and customer privacy protection" section in this report.

In 2024, the Company's procurement information was open and transparent. Adhering to the principle of fairness and justice for suppliers, procurement requirements, procurement results, and channel-cooperation enterprises were all promptly announced on the Company's official website.

In 2024, no supply-chain-related risks occurred in the Company.



03

PART THREE

Implementing Digital and Intelligent Innovation to Safeguard the Future of CGS

CHINA GALAXY SECURITIES >>>>>>>

China Galaxy Securities deepens the strategic layout of digital and intelligent innovation transformation. While preventing information risks, the Company cultivates new advantages, exerts new functions, and achieves new development through fintech.

Responding to the issues of:



Delivered
27 digital humans



Won the Digital Transformation
All-around Junding Award of
the Chinese Securities Industry

Corresponding UN Sustainable
Development Goals:



3.1 Fintech application

Governance

China Galaxy Securities strictly abides by the *Administrative Measures on Internet-based Information Services* and the *Guiding Opinions on Promoting the Healthy Development of Internet Finance*, and formulates systems such as the *Implementation Rules for Digital Financial Business Management* and the *Implementation Rules for the Management of Intelligent Trading Tools*. CGS established a fintech governance framework to promote the efficient development of the Company's fintech.

Fintech governance framework of CGS

Fintech and IT Governance Committee

(The committee is chaired by the Company's Vice President, i.e., the Chief Information Officer.
It is responsible for development of fintech strategies and deliberation on important fintech-related matters)



IT Department

(It is the administrative office of the committee, specifically responsible for fintech governance, the development, operation, maintenance, and guarantee of information and communication network systems)

A total of 18 relevant departments, including the Office, Human Resources Headquarters, Legal and Compliance Headquarters, Investment Banking Operation Headquarters, Risk Management Headquarters, and Strategy and Development Headquarters, jointly discuss matters and make decisions to promote the implementation of these matters.

Strategy

The Company gives full play to the guiding role of the Fintech and IT Governance Committee, strengthens its research, planning, decision-making, and overall coordination of digital transformation and fintech work, and identifies the risks and opportunities of fintech development.

Risks, opportunities and response strategies for fintech of CGS

Type of risks and opportunities	Time range of impact	Financial impact	Response strategies
Risk of core talent shortage	Short, medium, and long term	Operating revenue ↓	The Company improves the information technology management system, orderly expands the staff size of IT personnel, and strengthens talent cultivation.
Risk of inadequate business empowerment by technology	Medium and long term	Operating cost ↑ Operating revenue ↓	Guided by enabling business, based on enhancing technological strength, supported by talent building, driven by agile innovation, and with risk prevention as the bottom line, the Company promotes the in-depth integration of business and technology.
Opportunity to enhance customer experience	Short, medium, and long term	Operating revenue ↑	The Company invests in cutting-edge technologies, integrates omnichannel services, and continuously optimizes the customer experience.
Opportunity to empower internal management	Short, medium, and long term	Operating revenue ↑ Operating cost ↓	The Company strengthens the fintech enabling system, improves decision-making accuracy and operational efficiency, promotes digital transformation, and optimizes business processes.

To address the risks and opportunities brought about by the development of fintech, the Company formulates the fintech "STAR Plan," aiming to solidify the basic support of IT and data resources and enhance key technical capabilities, including big data and artificial intelligence. The Company promotes the in-depth integration of business and technology to support the implementation of the Company's strategic plan of "Five-in-One" and "Three-in-one".

CGS "STAR Plan"

Support: to consolidate IT basic support

✓ The Company improves the IT governance system to ensure that the IT strategy is consistent with the Company's strategy. The Company strengthens fintech risk control, enhances value delivery, establishes an IT resource efficiency evaluation mechanism to measure the input-output ratio, and improves resource utilization efficiency.

Technology: to enhance core fintech capabilities

✓ The Company focuses on strengthening the construction of core capabilities such as data models, financial engineering, artificial intelligence, and large language models, as well as their implementation in scenarios. CGS increases investment in personnel and funds, expands the proportion of self-research investment, improves the level of autonomy and controllability, increases computing power investment in GPU, FPGA, low-latency, etc., and builds the core competitiveness of CGS's fintech.

Advanced & Ability: fintech generates incremental business value

✓ Based on the underlying IT support and core capabilities, the Company deeply integrates business and technology, enabling fintech to create incremental business value.

Responsibility: to serve the national strategy and firmly hold the bottom line of safe operation

✓ The Company promotes the breakthrough research for the core trading system, continuously expands the scope of transformation for the operation and management systems, production and operation systems, and important infrastructures, and solves the "chokehold" problems of key technologies.



Impacts, Risks, and Opportunities Management

The Company continues to increase investment in fintech and deepen its application. CGS is committed to enabling business and internal management through fintech, promoting business innovation and management upgrading, deepening fintech innovation practices, and continuously enhancing its digital transformation capabilities, laying a solid foundation for the Company's high-quality development.

Key achievements of fintech applications of CGS in 2024

Fintech enabling business

- ✓ **Enrichment of intelligent trading tools.**The Company carried out a series of optimizations and designs of tools around customers' real-world trading demands and scenarios, reducing customers' trading cost losses to a certain extent, and improving customers' capital utilization efficiency and capital returns.
- ✓ **Expansion of digital human application scenarios.**The Company continuously constructs a digital human service system and promotes the application of digital humans in scenarios such as video broadcasting, online intelligent customer service, brand promotion, account opening, investor education, and private-domain customer marketing, improving the Company's customer service efficiency, reducing service costs, and optimizing the customer experience. Throughout the year, 27 digital humans were delivered, and nearly 2,000 pieces of content were produced.
- ✓ **The new launch of the "Man Ta" APP.**The Company launched the "Man Ta" App for young customers for brand-new service concept innovation. CGS uses forms like games and quizzes to provide customers with more empathetic companionship that "understands you," increasing customer stickiness. CGS promotes investment through investor education, helps customers establish a correct concept of financial management, and provides more personalized, warm, and meaningful wealth management services.



"Man Ta" APP

- ✓ **Carrying out digital operation business to enable branches to develop business.**Centering on the business development demands of branches, the Company made innovations on the digital operation business. Based on customers' public and private-domain behavior data, CGS established a potential customer lead mining model, built a digital operation SOP, enabled front-line marketers to develop business, and focused on carrying out digital operation pilots for businesses such as margin trading and short-selling, investment consulting, and product marketing.
- ✓ **Launching the plan for new media matrix on wealth management and incubating direct-sales accounts.**The Company promoted the construction of the new media matrix on wealth management, strengthened the linkage between the headquarters and branches, improved management rules and review mechanisms, optimized the operation of direct-sales accounts, and built a compliant, stable, and sustainable business model.

Fintech enabling internal management

- ✓ On the premise of strictly complying with the requirements for customer privacy protection, the Company established a sound customer tagging system to provide compliant and secure data support for customer marketing and analysis.
- ✓ The Company promoted the risk data mart project to provide data support for comprehensive risk management, market risk, liquidity risk, and credit risk systems.
- ✓ The Company built an intelligent middle-platform, promoted the intelligent document program, realized intelligent marketing ETF recommendation, and set up an ETF zone on CGS's APP. The Company launched the China Galaxy Securities intelligent algorithm. Since its live trading launch, the algorithm performance has met expectations.
- ✓ The Company developed an RPA (Robotic Process Automation) platform to further improve employees' work efficiency.
- ✓ The Company developed an industry risk data sharing platform project based on blockchain and privacy-protection technologies.
- ✓ The Company built a blockchain electronic notarization certificate functional module and established a blockchain evidence-storage platform.

In terms of the development of the fintech talent team, the Company continuously promotes the professionalization and refinement of the talent team, strengthens the cultural identity of technology talents, and provides solid support for the development of fintech.

Measures for the development of the technology talent team of CGS

Building a professional technology talent team

- ✓ The Company focuses on cultivating talents with key fintech capabilities and compound talents with excellent performance in both business and technology.
- ✓ The Company continuously provides systematic business and technical training for technical talents, providing comprehensive and professional technology talent support for CGS's diversified business development.

Creating a refined talent management and training mechanism

- ✓ The Company conducts differential management according to the characteristics of talents, enhances the key cultivation of key talents, and stimulates the innovative vitality of talents.

Strengthening culture building

- ✓ The Company implements a "mentorship" system where senior employees guide junior ones, deepening technical talents' understanding and recognition of the Company's culture, business, and technology, enhancing team cohesion, and strengthening team building.

Indicators and Targets

The Company sets fintech development targets, comprehensively promotes the improvement of the fintech talent training system and mechanism, continuously expands the staff size of fintech talents, and increases the Company's investment in information technology.

Fintech indicators and targets of CGS in 2024

Targets	Indicator	Performance in 2024
The Company strives to significantly enhance its comprehensive fintech strength by 2025, effectively supporting the implementation of the Company's strategic plan and generating incremental business value.	Information system investment	RMB 1.363 billion
	Number of IT R&D personnel	278
	Proportion of IT R&D personnel	1.89%
	Number of valid patents/software copyrights during the reporting period	20
The Company's "Integration of Off-Exchange Wealth Management Business Middle-Platform" project and "Research and Application of Intelligent Testing Based on Knowledge Graph and Machine Learning" project won the third prize of the 2023 Fintech Development Award.		
The Company won the Digital Transformation All-around Junding Award of the Chinese Securities Industry and the Yinghua Award for Excellent Broker APP Demonstration Case.		

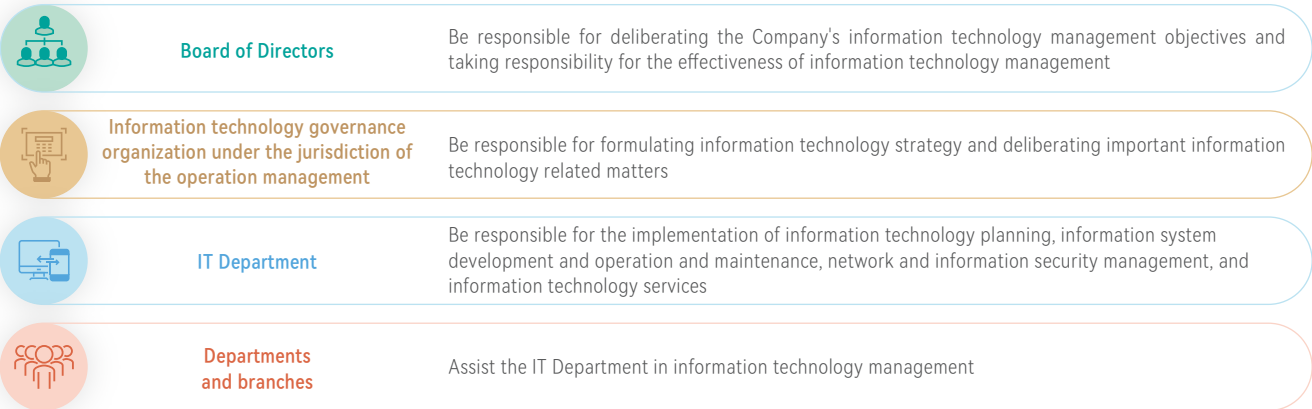
3.2 Information safety and customer privacy protection

The data involved in the business operations of China Galaxy Securities mainly include customer data and transaction data. Customer data contains customer privacy information such as personal identification information and account information.

Governance

The Company strictly complies with laws, regulations and regulatory rules such as the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, the *Regulations on the Management of Network Data Security*, and the *Measures for the Administration of Cybersecurity and Information Security in the Securities and Futures Industry*. CGS establishes a clear-layered and well-defined organizational structure for network and information security. In 2024, the Company revised the *Implementation Rules for Cybersecurity Vulnerability Management* and the *Implementation Rules for Information System Account and Password Management*, and organized the formulation of the *Measures for Personal Information Protection Management*, further clarifying the main responsibilities and organizational division of labor, providing strong guarantees for comprehensively strengthening information security management and customer privacy protection. The scope of the Company's current systems applies to the Company's headquarters and branches. Each subsidiary can formulate and implement corresponding systems with reference.

Information security governance structure of CGS



Strategy

The Company promotes the implementation of data security risk assessments, identifies the security risks of the Company's overall situation and the data processing activities of the network security level-3 protection ("Level-3 Protection") systems, formulates corresponding security protection measures, to improve the level of data security protection. The Company has formulated the *Network and Information Security Development Plan (2024-2026) of China Galaxy Securities Co., Ltd.*, which outlines the key focuses in the field of data security for the next three years, aiming to further enhance the Company's data security governance capabilities.

Risks and response strategies for information security and privacy protection of CGS

Type of risk	Time range of impact	Financial impact	Response strategies
Risk of data leakage Inadequate personal information protection measures	Medium and long term	Operating revenue ↓ Operating cost ↑	Continuously strengthen the security of network and information systems, and promote the security protection of key information infrastructure, level protection, data security, personal information protection, and cross-border security protection of data, to build up a solid security line of defense.

Impacts, Risks, and Opportunities Management

Information security management mechanism

The Company has adopted a comprehensive approach to data security, integrating both active and passive measures. By establishing a multi-layered and in-depth security protection system, and deploying a range of advanced security platforms and tools, the Company strives for stringent protection throughout the entire data lifecycle.

Main protection measures for information security of China Galaxy Securities

Aspect	Specific measures
Active countermeasures	<ul style="list-style-type: none">Establish a multi-layered and in-depth security protection system covering border protection, network access, identity authentication, outreach control, intrusion detection, auditing and monitoring, encrypted transmission, terminal management and other technical contents.Deploy platforms and tools like firewalls, application firewalls, traffic security analysis systems, security posture platforms, terminal security management systems, host security systems, anti-virus systems, security honeypots, email security protection systems, database security auditing systems, data leakage prevention systems, data classification and grading, data desensitization, and transparent document encryption and decryption.
Passive response mechanism	<ul style="list-style-type: none">Formulate the <i>Emergency Response Plan for Information System Emergencies</i>, specify the emergency response plan and working mechanism under relevant emergency scenarios, and carry out various types of data security emergency drills in a timely manner.Formulate the <i>Emergency Liaison Manual</i> to ensure rapid response, clear responsibilities, and efficient coordination during emergencies, and minimize losses incurred during data security incidents.The Company carried out several emergency security drills for security incidents related to sensitive information for important information systems such as the centralized trading system and the over-the-counter business system, effectively enhancing its ability to respond to data security emergencies.

case The Company enhances coordinated data management of overseas subsidiaries

The Company prioritizes overseas data security management, enhancing communication with the information security departments of its overseas subsidiaries, CGI and CGS International. The Company has established a cybersecurity emergency response coordination mechanism and regularly engages in offline and online discussions on security strategies, ensuring timely sharing of relevant cybersecurity information.

In 2024, the Company's Audit Headquarters team traveled to Singapore and Malaysia to conduct audits of CGS International Securities Singapore and CGS International Securities Malaysia, and put forward audit recommendations in key areas like security management, cybersecurity technology, and cybersecurity emergency response.

The Company continues to carry out internal and external audits of information technology management as well as relevant certifications to promote the continuous improvement of the data security system and empower the sustainability of the business.

Information security certification and audit of China Galaxy Securities in 2024	
Type	Contents
Certification and protection assessment	<div><div>✓</div>The Company has passed the information security management system ISO 27001 certification, which covers the information security management of the IT Department in providing application system development and operation and maintenance services, software and hardware operation and maintenance services and disaster recovery services for the Company.</div> <div><div>✓</div>China Galaxy Securities APP meets the requirements of JR/T 0192-2020 and JR/T 0240-2021 standards and has been granted product certification.</div> <div><div>✓</div>The Company organizes and carries out cybersecurity level protection assessment for the Level 3 Cybersecurity Classification Protection.</div>
Internal audit	<div><div>✓</div>The Company implements annual internal audit of information technology management in strict accordance with the <i>Measures for Information Technology Management of Securities Fund Operators</i>.</div> <div><div>✓</div>In the annual evaluation of the effectiveness of internal control and special audit of information technology management, the Company focuses on the protection of personal information, information technology security, establishment, operation and maintenance of disaster preparedness server room and emergency management in accordance with the requirements of laws and regulations.</div>
External audit	<div><div>✓</div>Every three years, the Company commissions an external organization to conduct a comprehensive information technology audit, which includes but is not limited to information technology governance, information technology compliance and risk management, information technology security management and emergency management.</div> <div><div>✓</div>In February 2024, the Company commissioned an accounting firm to complete a comprehensive audit of the Company's information technology management, which issued a comprehensive information system audit report.</div>



Customer privacy protection

With respect to customer privacy protection, the Company adheres to the *Measures for the Administration of Personal Information Protection* to standardize the collection and processing of customers' personal information. The Company firmly fulfills its statutory obligations to protect customer information, ensuring compliance throughout the entire lifecycle of information handling and safeguarding customers' legitimate rights and interests from infringement.

Management measures for customer privacy protection of China Galaxy Securities	
Type	Management measures
Collection of customer information	<div><div>✓</div>Collect customer information in accordance with the principles of "lawfulness, legitimacy, and minimum necessity," and in a manner that minimizes the impact on the rights and interests of the customers, causing no harm to the legitimate rights and interests of the subject of personal information.</div> <div><div>✓</div>Clarify the scope, purpose, and retention period of collected data to customers based on the privacy policy, and garner the customers' explicit consent so that personal data is not collected beyond the scope. Data will be deleted in a timely manner after it exceeds the retention period.</div>
Handling of customer information	<div><div>✓</div>For external partners entrusted with the handling of customers' personal information, the Company specifies the handling purpose, duration and methods, scope of handling, types of personal information, protection measures, and the rights and obligations of the parties through contractual agreements with the entrusted party. The Company oversees the personal information handling activities of the entrusted party.</div> <div><div>✓</div>In accordance with the relevant provisions of the State, industry authorities and internal regulations, set the data retention period for different types of data. After the data has exceeded the retention period, delete the data.</div> <div><div>✓</div>Except for specific cases and as otherwise provided by relevant laws, the Company will not provide or transfer customers' personal information third-party companies, organizations or individuals.</div>
Authority to manage customer information	<div><div>✓</div>Protect customers' rights related to the protection of personal information, such as accessing, copying, transferring, correcting, supplementing, deleting, and restricting the handling of personal information, as well as canceling accounts and withdrawing consent.</div>
Sensitive data access control and protection	<div><div>✓</div>Establish a static data desensitization system to desensitize sensitive data in the development and testing environment. Promote the establishment of a dynamic data desensitization system to desensitize personal sensitive data in interactive access scenarios in real time.</div> <div><div>✓</div>Establish network data leakage prevention products to monitor the transmission of sensitive data. The Company devotes to developing a transparent document encryption and decryption system, which will encrypt personal sensitive data during export. This system is intended to ensure that plaintext data can be accessed on internal machines equipped with the designated terminals. In the event of data leakage, only the encrypted content will be visible.</div>
Product and service development standards	<div><div>✓</div>Establish a security control mechanism covering the product and service development process. Before the development of products and services, the Company conducts security requirement and plan reviews. The development and establishment are subject to the security plans. Prior to the launch of products and services, the Company performs vulnerability scanning, penetration testing, and privacy compliance testing. Some products and services are delivered with source codes. The Company analyzes and scans the security of the source codes through the source code security testing platform.</div>

The Company attaches great importance to information security and privacy protection publicity and education, and regularly organizes relevant training covering all employees (including labor dispatch workers and part-time workers), as well as privacy protection education and promotion for investors. In 2024, the Company conducted information security and confidentiality awareness training for all employees of the Company to enhance their awareness of security and confidentiality and to prevent information security risks. The Company organized a live course for investors, titled “Investor Cybersecurity and Personal Information Protection Awareness Training,” to introduce investors to the potential cybersecurity threats and to cultivate their cybersecurity awareness and habits.

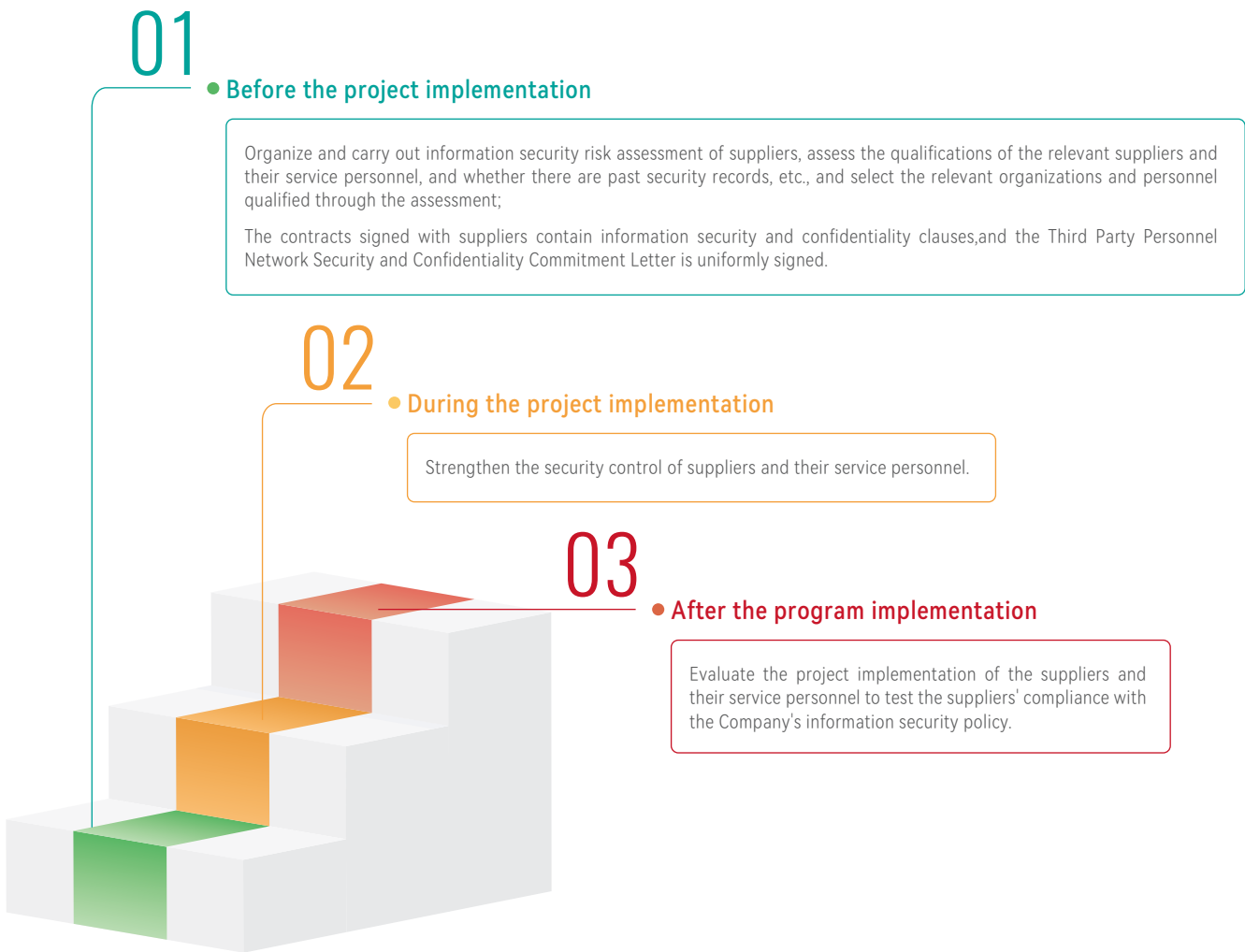


Investor Cybersecurity and Personal Information Protection Awareness Training

Concerted efforts for information security ecology

While enhancing its capabilities in information security and privacy protection, the Company actively drives the establishment of data security protection mechanisms among suppliers and partners. The Company implements comprehensive management measures for suppliers, covering the pre-project, in-project, and post-project phases.

Management process of information security protection for suppliers of China Galaxy Securities



Indicators and Targets

The Company has established objectives for information security and customer privacy protection. Through initiatives like employee training and information security emergency drills, the Company seeks to comprehensively strengthen its management of information security and privacy protection.



Information security and customer privacy protection indicators and targets of China Galaxy Securities in 2024

Indicator	Targets	Achievements
Number of training and education exercises conducted	<ul style="list-style-type: none">Regularly organize and carry out education and training on personal information protection at least once a year.	<ul style="list-style-type: none">Carry out 1 specialized training on information security and confidentiality awareness for all employees of the Company.Carry out 1 live course on network information security for investors.
Number of emergency drills	<ul style="list-style-type: none">Organize at least one disaster backup emergency drill for centralized trading every six months.Organize at least one drill for emergency scenarios such as power failure, fire control, and air conditioner failure every year.Conduct at least one emergency drill for important information systems every year, with full coverage of all such systems in drills within a two-year cycle.	<ul style="list-style-type: none">Carry out security drills on sensitive information leakage incidents of online trading systems, China Galaxy Securities APP and centralized trading systems.Carry out security drills for the loss of sensitive information due to virus infection in the server of self-owned Hundsun O32 investment management system.Conduct security drills for scenarios involving sensitive information leakage in the OTC business system and CRM system.
Number of major security incidents	<ul style="list-style-type: none">The security protection system is basically sound and no major security incidents occurred.	<ul style="list-style-type: none">No major security incidents occurred during the reporting period.
Number of incidents involving data security or customer privacy leakage	<ul style="list-style-type: none">There were no major incidents involving data security or customer privacy leakage.	<ul style="list-style-type: none">There were no major incidents involving data security or customer privacy leakage during the reporting period.

CHINA GALAXY SECURITIES

04

PART FOUR

Adhering to the People-centric Philosophy to Jointly Strive for Bright CGS

CHINA GALAXY SECURITIES >>>>>>>

China Galaxy Securities adheres to a people-centric philosophy, valuing talent competitiveness as its core competitive strength. The Company continuously drives the scientific, institutionalized, and standardized development of talent cultivation. The Company actively responds to national strategies, promotes rural revitalization, and contributes to social prosperity and harmony.

Responding to the issues of:



Female employees accounted for
46.99%

Employee training
coverage rate was
100%

Employee training duration
reached
814,241 hours

Corresponding UN Sustainable
Development Goals:



4.1 Human capital development

Employee diversity and inclusion

China Galaxy Securities respects the diversity of its employees and is committed to creating an inclusive and equal opportunity work environment. The Company strictly complies with the applicable laws and regulations of the places where it operates, and has formulated the *Management Measures on Employee Recruitment*, the *Implementation Rules of the Labor Contract* and other systems to clearly define the recruitment principles and processes and terms of employment.

Employee recruitment and employment management of China Galaxy Securities

Recruitment principles

Adhere to the principles of open recruitment, equal competition, comprehensive assessment, and employment based on merit, and eliminate any discrimination based on race, gender, religion, social origin and other factors.

Recruitment channels

Social recruitment and campus recruitment.

Employee recruitment

Child labor, forced labor, restriction of employee's freedom and all other illegal employment practices are prohibited.

All hired employees sign the *Labor Contract* with the Company in strict accordance with the law, which specifies the responsibilities and obligations of the Company and the employees.

Employment termination

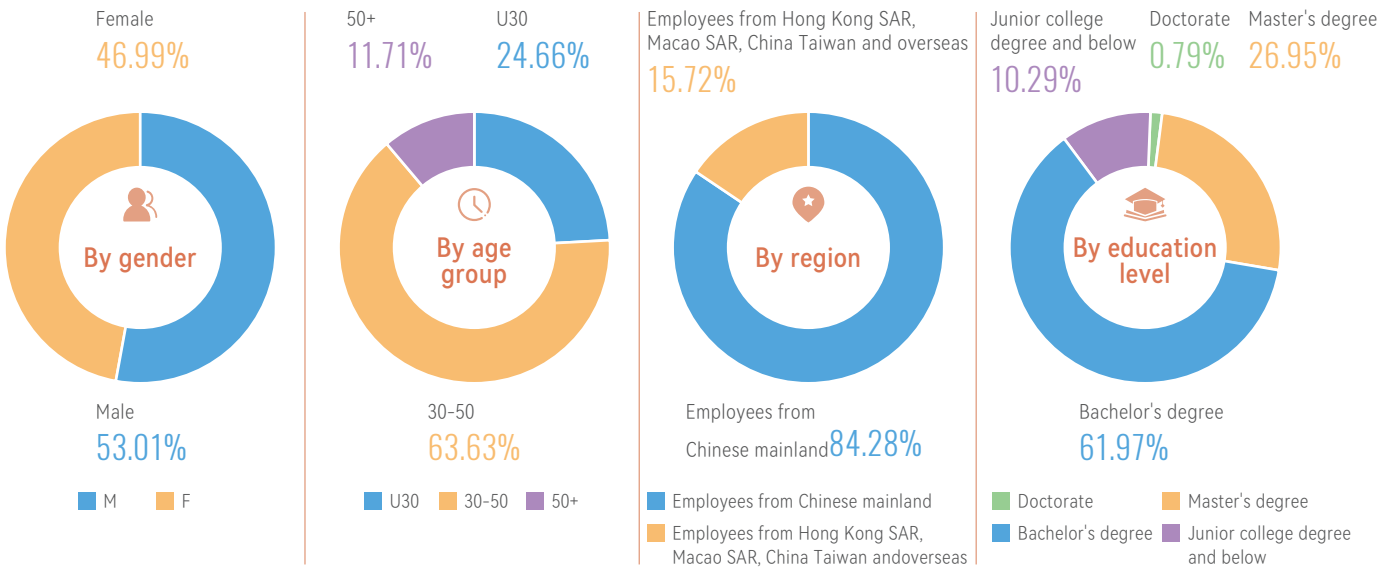
According to the *Implementation Rules of the Labor Contract of the Company*, if an employee involves serious violation of the Company's rules and regulations, gross neglect of duty or malpractice, or causes serious damage to the Company, the Company may terminate the labor contract with the employee.

The Company is committed to systematic planning and the comprehensive enhancement of its cadre and talent team development. This initiative aims to build a talent team characterized by an optimal size, a well-balanced structure, orderly succession, and exceptional capabilities. The Company carries out employee recruitment and talent development in a scientific and orderly manner by optimizing the recruitment mode, boosting publicity and cooperating with key colleges and universities. In 2024, in the campus recruitment program, the Company for the first time cooperated with domestic and overseas subsidiaries and branches to carry out integrated recruitment promotion for the Group.

CGI actively participated in the "Youth Trial: University Graduate Employment Program" launched by the Hong Kong Chinese Enterprises Association, providing internships for 11 university graduates in 2024 and actively contributing to the cultivation of talents.

In 2024, there were no instances of child labor or forced labor in the Company, either domestically or internationally, nor were there any significant legal disputes related to employee employment practices.

Employee diversity performance of China Galaxy Securities in 2024



Employee rights and benefits protection

The Company respects and protects the basic rights and interests of its employees, actively listens to their demands, and is committed to creating a fair, respectful and safe working environment for them.

Remuneration and welfare

The Company has promoted the implementation of the *Management Measures on Employee Benefits*, the *Management Measures on Attendance and Leave*, etc. to ensure the basic rights and benefits of employees to take days off and have holidays, obtain remuneration of labor and enjoy social insurance and other benefits.

Employee rights and benefits of China Galaxy Securities

Type	Rights and benefits
Working hours and holidays	<ul style="list-style-type: none">✓ Paid annual leave, maternity leave and other holidays stipulated by law.✓ 8 working hours a day and 40 hours a week in average.
Remuneration	<ul style="list-style-type: none">✓ Employee remuneration is comprised of basic salary, allowances, performance bonuses and benefits.✓ Basic salary is the employee's basic income and corresponds to the employee's job level; allowances include management duty allowance, professional and technical allowance and are supplements to basic salary; performance bonuses are allocated and granted according to the performance fulfillment and assessment results.
Mandated benefits	<ul style="list-style-type: none">✓ Five social insurances and one housing allowance (basic old-age insurance, basic medical (including maternity) insurance, unemployment insurance and work-related injury insurance, and housing allowance.)
Other benefits	<ul style="list-style-type: none">✓ Corporate annuity, supplementary insurance, daily condolences, statutory holiday condolences and employee birthday blessings.

■ Communication and care

The Company actively promotes democratic communication and management, and established and refines the system of staff congress. When the Company formulates policies and regulations on salary, benefits, labor security and hygiene, social insurances and other employees' immediate interests, the Labor Union asks employee representatives for advice through the workers' congress or email, cares about and attaches importance to employees' reasonable requirements, and puts forth effort to build a communication bridge between employees and the Company. In 2024, the Company deliberated and approved the *Plan for the Rotation of the Staff Congress* and completed the election of the third-term employee representatives.

The Company provides employee complaint channels, and has formulated the *Measures for the Administration of Complaints Through Letters and Visits on the Organizational and Personnel Affairs*. The Company established the Comprehensive Organizational and Personnel Complaint Acceptance Platform of China Galaxy Securities, to handle employee complaints submitted through letters, calls, visits, and other channels. The scope of accepted cases includes: Violations of regulations governing the selection and appointment of leading cadres; issues related to employees' performance of duties, work conduct, adherence to policies, and ethical behavior; appeals regarding personal disciplinary decisions; and criticisms and suggestions concerning organizational and personnel practices. The Company ensures strict confidentiality of complainants' information, effectively safeguards their legitimate rights and interests, and prevents any potential instances of improper treatment.

Guided by the people-centric philosophy, the Company promotes work-life balance and organizes a variety of cultural and sports activities. The Company also demonstrates care and support for female employees, those facing difficulties, and retired staff, consistently striving to enhance employees' sense of well-being and security. The Company has formulated the *Management Measures for "Warmth Sending" by the Labor Union Committee of the Company*, which has specified measures for helping employees in difficulties, promoted institutional development for "warmth sending," standardized the use and management of assistance funds, and intensified assistance to employees with serious diseases. In 2024, the Company actively carried out activities to send warmth and condolences during the New Year's Day and Spring Festival, and visited and condoled a total of 123 workers in difficulty, single-parent female workers in difficulty and cadres on dispatched and assigned duty. Throughout the year, the Company consistently implemented its employee care initiatives, providing support to employees for serious illnesses, hospitalizations, and bereavements. The Company extended congratulations and condolences to employees for milestones such as marriages and childbirths, effectively conveying warmth and care.



case

The Company launched the first "Expanding Thinking Horizons and Illuminating the Light of Wisdom" study tour program

The Company organized a study tour at its headquarters for more than 30 employees' children, aiming to provide heartfelt support and thoughtful services for frontline employees. This initiative addresses the practical challenge of dual-income families struggling with childcare during the summer break. By creating a safe, healthy, engaging, and enriching summer experience for employees' children, the company contributes to fostering a strong corporate "family" culture.

■ Health and safety

As a financial enterprise, the Company strictly adheres to relevant laws and regulations, including the *Labor Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Infectious Diseases*. The Company remains deeply committed to safeguarding the physical and mental health and safety of its employees, consistently implementing robust employee health management practices. In 2024, the Company issued the *Guidelines on Safety and Security Work*, clarifying safety responsibilities, ensuring the safety of operations, maintaining normal business order, and safeguarding the Company's property and the personal safety of the employees.

The Company highlights employees' health checkups and conducts special and grouped checkups by age for male and female employees respectively, with the coverage of checkups at the headquarters reaching 100%. The Company has initiated the development of a headquarters-based smart first aid system, and formed a dedicated team of first aid volunteers.

First Aid System Development Achievements of China Galaxy Securities

Developing a smart first aid system

- ✓ The Company has installed 12 first-aid devices and deployed 128 emergency QR codes across five office buildings at its headquarters. The intelligent cabinet system has been integrated into the headquarters' smart first aid network, enabling alerts for abnormalities in various places, online status checking of the devices, etc.
- ✓ The Company installed a total of 101 first-aid devices in the branches of 36 branches located in 52 cities across China, and connected them to the local first-aid systems, fully contributing to the construction of the social first-aid system.

Installing first aid devices



Installation of AED First Aid Devices



First Aid Device Delivery Ceremony

Creating a first aid volunteer team

- ✓ The Company organized the production of micro-videos on first aid knowledge and integrated the courses into the "Galaxy Classroom," offering online training to all employees. The Company established the "Yin Xiao Xia" volunteer team.
- ✓ The Company held the "Love from CGS, Bettering the Society" first-aid drill and national public welfare campaign in 15 cities across China, inviting more than a thousand participants, including industry associations, local governments, corporate customers and individual investors.

Conducting training for first aid volunteers

- ✓ A total of 995 "Yin Xiao Xia" volunteers from nearly 500 business outlets in 52 cities nationwide received offline first aid training, and all of them obtained the qualification of first-aiders.
- ✓ The development of the first-aid capabilities of the Company's branches was included in or published in the *Collection of Typical Cases of the Company's Service to National Strategies* and the *Brief Report on the Company's Assistance Work* as an excellent typical case, and was publicized and reported several times by the official WeChat accounts of local securities and futures industry associations.

Employee training and development

Governance

The Company places a high priority on the systematic planning and institutional development of employee training and growth. The Company has prepared and implemented a series of policies, including the *Management Measures for Employee Training*, the *Implementation Rules for Participating in External Training*, and the *Post Rank Management Measures*, ensuring that employee training initiatives are well-regulated and grounded in clear guidelines. The Company's ESG governance framework prioritizes "employee training and development" as a key management issue. The Human Resources Headquarters, as the executive management department, is responsible for developing the Company's comprehensive training and development plan, ensuring the efficient operation of the training system and the effective implementation of talent development initiatives.

Strategy

The Company endeavors to refine its talent development system and mechanisms, empowering employee growth through effective channels and enhancing the vitality of its workforce. By bolstering the talent pool that drives sustainability, the Company has strategically restructured its training system. This new training system plays a crucial role in creating a robust talent team and provides employees with a platform to pursue their careers and achieve success.

Opportunities and response strategies for employee training and development of CGS

Type of opportunity	Time range of impact	Financial impact	Response strategies
Opportunity to improve service efficiency	Medium and long term	Operating revenue ↑ Operating cost ↓	Adhere to systematic planning and build a talent team characterized by an optimal size, a well-balanced structure, orderly succession, and exceptional capabilities. Focus on attracting talent, cultivating talent with precision, and optimizing talent utilization, while developing differentiated strategies for the growth of professional talents across various business lines.
Opportunity for talent retention and incentive	Medium and long term	Operating revenue ↑	Bolster talent training and echelon development in the fields of internal control and other functional areas to ensure that the talent pool in relevant fields can effectively support the Company's business development needs.

Impacts, Risks, and Opportunities Management

The Company is dedicated to establishing a comprehensive, multi-tiered, and targeted training system. Leveraging platforms such as the Galaxy Party School and Galaxy Classroom, the Company strengthens the development of professional talent, fosters employee career growth, and enhances the organization's overall competitiveness.



In 2024, the Company systematically advanced its talent development initiatives, reinforcing the training system development to ensure comprehensive coverage for all employees. The training includes programs like new employee onboarding, professional skills enhancement, and management capability building. By leveraging both internal training resources and external high-quality educational platforms, the Company continuously refined its courses and innovate training modes. These efforts aim to elevate employees' overall competencies and professional expertise, providing robust talent support for the Company's long-term sustainable growth.

Employee training priorities of China Galaxy Securities in 2024



- ✓ The Company has revamped its new employee onboarding training mode by standardizing online courses and expanding the courses to include topics such as company overview, strategic culture, and confidentiality and security. Throughout the year, 415 new employees completed training via these online courses.
- ✓ The Company has prepared new employee induction training manuals to help new employees quickly understand the Company's operation management and main business and familiarize themselves with the new working environment.
- ✓ The Company leverages the "Galaxy Classroom" online platform to adjust the training frequency, transitioning from monthly training sessions to an on-demand online course model for new employees, enabling them to learn at their own pace upon joining.
- ✓ The Company conducts one session of centralized training for new employees, providing training to 143 fresh graduates. The training course covers topics such as corporate strategy, youth talent development, company operations, and compliance and risk management, aiming to facilitate the seamless integration of fresh graduates into the Company.



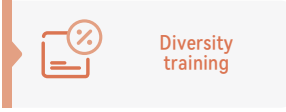
- ✓ The Company organized 9 sessions of the "World-Class International Lecture Hall" online live training program, training a total of 248 participants, including second-tier department heads from the Company headquarters and responsible persons from various business departments (Type B, E, and S). The training content covers corporate governance and strategic management, business model innovation, global technological innovation, and other related topics.



- ✓ By thoroughly analyzing the training needs of branches, the Company customizes and selects high-quality internal and external training courses. The courses cover seven key areas: wealth management, investment banking, investment, collaborative business, compliance and risk management, professional skills, and insights shared by business backbone elites from branches. This initiative specifically supports three branches in conducting front-line training, ultimately training 281 participants, including business backbone elites of branches and employees who joined within the past three years.



- ✓ The Company has progressively deepened its collaboration with universities, signing cooperation agreements with leading institutions both domestically and internationally, including Tsinghua University, the University of Hong Kong, Nanjing University, and the Central University of Finance and Economics. By maintaining close communication with these universities, the Company has jointly organized and conducted various training activities, continuously promoting university-enterprise cooperation to deeper and higher levels.



- ✓ The Company launched its first Cross-Border Cultural Integration Training Program, involving managers from relevant departments at the headquarters and overseas subsidiaries. Through thematic lectures, on-site teaching, and other methods, the program aimed to foster a proactive respect for diverse cultural backgrounds among both domestic and international employees.



case

The Company launched the training program for key employees to practice new strategic planning and enhance business capabilities

In June 2024, the Company conducted the fourth session of its Key Employee Training Program. Through methods like classroom lectures, on-site teaching, teaching simulations, and the submission of learning reflections, the program aimed to boost the professional capabilities of participants. This initiative provides robust talent support for the implementation of the Company's new strategic planning and the development of a modern investment bank. Some branches and subsidiaries of the Company arranged their business backbone elites to participate in this training.

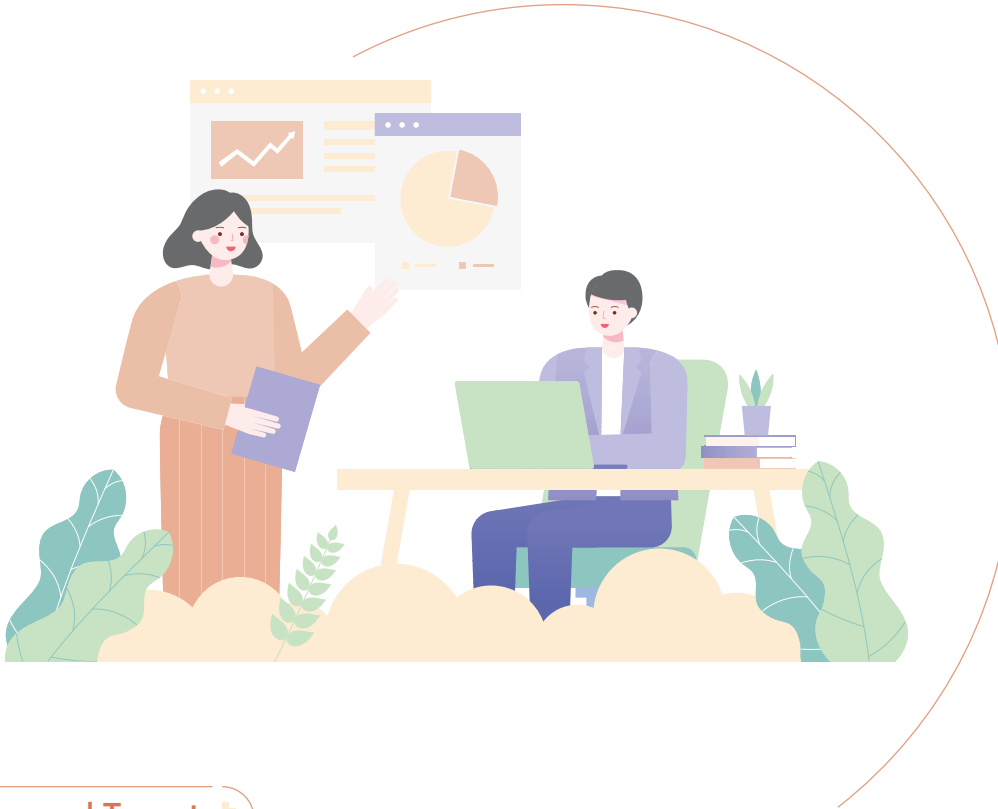


Group Photo of Key Employee Training Program Participants

To improve employees' professional skills and empower their career development, the Company encourages all staff to participate in professional training and pursue relevant qualification certifications. The Company has prepared the *Management Measures for Employee Training*, which outlines reimbursement procedures for professional qualification exam fees, certification fees, annual inspection fees, and membership dues.

In terms of performance assessment and promotion, the Company has implemented a "green growth channel for excellent employees," emphasizing the identification, development, and utilization of high-performing young professionals as a core initiative in talent development. The Company endeavors to refine the mechanisms for competitive selection, transfers, rotations, and exchanges to maximize the impact of positive incentives. The Company gives full play to the role of assessment and has also established a comprehensive performance assessment system covering all employees. The Company prioritizes grievance management in performance assessments, ensuring a fair, efficient, and confidential process for addressing employee concerns and providing timely feedback.

CHINA GALAXY SECURITIES >>>>>>>



Indicators and Targets

The Company has developed the *2024 Annual Training Program* and is actively advancing a range of training initiatives. The Company is continuously refining its performance assessment management to establish a robust cycle of planning, execution, feedback, and pickup. The Company seeks to ensure that the employees' skills enhancement and personal career development matched with business development needs.

Indicators and targets of employee training and development of China Galaxy Securities in 2024

Targets	Monitoring indicators	Performance
Optimize the systematic framework of the training programs and reinforce the development of core competencies.	Duration of employee training	814,241 hours
	Attendance of employee training	454,333 person-time
	Employee training coverage	100%

4.2 Promoting rural revitalization

China Galaxy Securities adheres to the *Law of the People's Republic of China on the Promotion of Rural Revitalization* and actively responds to the national call for "advancing rural revitalization across the board." In line with this commitment, the Company has formulated the *2024 Annual Assistance Work Plan of CGS*. To ensure effective implementation, a dedicated Assistance Work Leading Group has been established, chaired by the Chairman of the Board of Directors. The Party-building Work Department leads other departments to systematically fuel rural revitalization through the Assistance Office.

The Company actively engages in rural revitalization assistance, fulfilling its social responsibilities and exemplifying its commitment. In 2024, the Company thoroughly embraced the new development concept, tailoring its efforts to the resource endowments, industrial bases, and practical needs of the assisted regions, providing comprehensive assistance for rural revitalization.

CGS rural revitalization initiatives in 2024

The Company conducted thorough research into the unique financial needs of rural regions, meticulously designing and offering tailored financial products and services to effectively bolster rural economic development, explore new market segments, and diversify and broaden its customer base.

In 2024, the Company's total investment in non-repayable assistance amounted to RMB **12.0296** million, collectively benefiting approximately **120,000** individuals.

including:

Industrial support

- ✓ The Company implemented the apple "insurance + futures" project in Jingning County, Gansu Province for seven consecutive years.
- ✓ The Company innovatively implemented the "insurance + futures" project for the beef cattle industry in Jingning County, Gansu Province, and aided in the construction of one beef cattle breeding base.
- ✓ The Company implemented the pig "insurance + futures" project in Shibing County, Guizhou Province.
- ✓ The Company aided in the construction of the supporting projects for the Xiangfeigu Valley homestay in Susong County, Anhui Province, contributing to the development of the cultural and tourism industry.

Talent support

- ✓ The Company dispatched five managers on temporary assignment to Jingning County, Gansu Province.
- ✓ The Company organized training on planting and breeding techniques, as well as operation and management techniques, focusing on rural revitalization, and the training attendance reached 18,728.
- ✓ The Company dispatched one first secretary of the village party branch to Yulu New Village, Dongming County, Shandong Province.

Cultural support

- ✓ The Company aided in the construction of the second phase project of the "Party's Voice Spreading to Thousands of Families" project in Jingning County, Gansu Province.
- ✓ The Company aided in the construction of a villagers' cultural activity center in Yangzui Village, Jingning County, Gansu Province.
- ✓ The Company invested in the expansion of the village cultural activity center in Yulu New Village, Dongming County, Shandong Province.

Ecological support

- ✓ The Company implemented the project of building harmonious and beautiful villages in Yangzui Village, Jingning County, Gansu Province.
- ✓ The Company implemented the project of building harmonious and beautiful villages in Yulu New Village, Dongming County, Shandong Province.
- ✓ The Company aided in the construction of the project for the cross-river transportation of sewage and the tail water discharge of the sewage treatment plant in Jingning County, Gansu Province.
- ✓ The Company implemented the project of rural production and living facilities in Shibing County, Guizhou Province.
- ✓ The Company aided in the purchase of rural garbage collection trucks in Xunhua County, Qinghai Province.
- ✓ The Company aided in the construction of the water conservancy renovation project in Susong County, Anhui Province.
- ✓ The Company aided in the construction of environmental protection infrastructure in Sumushan Mountain, Xinghe County, Inner Mongolia Autonomous Region.

Organizational support

- ✓ The Company implemented business training programs focused on Party building to promote rural revitalization in Jingning County, Gansu Province, enhancing the leadership capabilities of 200 village Party secretaries.
- ✓ In collaboration with Jingning County, Gansu Province, and Yulu New Village, Dongming County, Shandong Province, the Company launched the innovative initiative "Hundred Party Branches Pairing for Joint Development, Hundred Party Branches Pairing for Student Support." Through this effort, 113 Party branches within the Company system partnered with 108 front-line Party organizations in Yulu New Village of Jingning County and Dongming County for joint development, while 153 Party branches provided support to 366 students in Jingning County.
- ✓ The Company aided in the construction of Party building facilities in Yulu New Village, Dongming County, Shandong Province.

Education support

- ✓ The Company introduced educational resources from renowned schools for primary and secondary schools in Jingning County, Gansu Province.
- ✓ The Company aided in the construction of an art education practice base, a plastic sports ground, and a science and innovation education functional room in Jingning County, Gansu Province, and donated stationery supplies.
- ✓ The Company sponsored 40 students from Jingning County, Gansu Province to participate in a music festival in Shanghai.
- ✓ The Company laid floor rubber for the teaching building and playground, and purchased dining tables for the school cafeteria in Xunhua County, Qinghai Province.

Medical support

- ✓ The Company aided in the construction of a remote diagnosis and treatment center, a convenient outpatient clinic, and village clinics in the Traditional Chinese Medicine Hospital of Jingning County, Gansu Province.
- ✓ The Company implemented the medical emergency rescue system training project in Jingning County, Gansu Province.
- ✓ The Company invested in training medical staff in Xinghe County, Inner Mongolia Autonomous Region, and coordinated the technical support of experts and medical equipment from Peking University People's Hospital.

Livelihood support

- ✓ The Company provided free anti-poverty insurance in Jingning County, Gansu Province to households at risk of falling back into poverty, those on the edge of poverty and those facing sudden severe hardships, ensuring no large-scale return to poverty.
- ✓ The Company purchased winter clothing for 500 underprivileged students in Jingning County, Gansu Province.
- ✓ The Company contributed to a special assistance fund in Susong County, Anhui Province.

Consumption support

- ✓ The Company purchased agricultural products worth RMB 12.15 million from formerly impoverished areas and facilitated the sale of agricultural products worth RMB 30.15 million from these areas.



Launching Ceremony of
the Apple "Insurance + Futures" Project



Launching Ceremony of "Hundred Party Branches Pairing for Joint
Development, Hundred Party Branches Pairing for Student Support"
Initiative with Jingning County



Sponsoring Students from Jingning County to
Attend a Music Festival in Shanghai



Donating Winter Clothing to Students
in Need in Jingning County

- ✓ Since 2016, the Company has cumulatively implemented over 950 "insurance + futures" projects in more than 660 counties and districts spanning 30 provinces nationwide, benefiting 450,000 agricultural business entities.

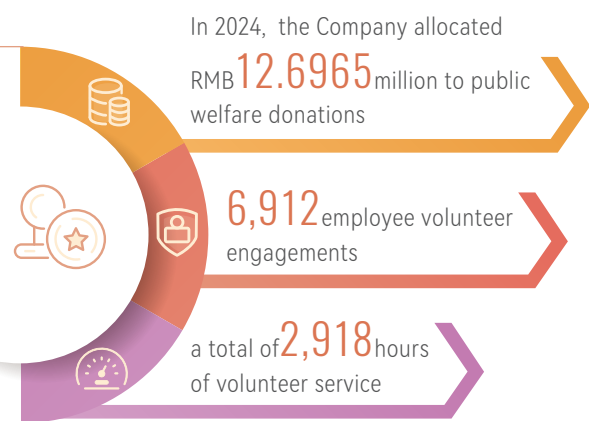
- ✓ "CGS: Precisely Leveraging the 'Insurance + Futures' Model to Revitalize Jingning's Apple Industry" was honored as a Rural Revitalization Innovation Case by People's Daily Online in 2024.
- ✓ "Seizing Jingning's Key Lever to Pave a New Path for Revitalization" received recognition as a Rural Revitalization Practice Case by Xinhuanet in 2024.
- ✓ "Gansu Jingning's 'Illuminating Rural Areas Project'" was awarded the 2024 Livelihood Project by the Organizing Committee of the 12th China Livelihood Development Forum.



4.3 Contributions to the society

China Galaxy Securities actively responds to national directives, thoroughly implements the inclusive finance strategy, and is dedicated to the sustainable and healthy development of its financial operations. As a state-owned financial enterprise, the Company fulfills its mission and takes social responsibility seriously, cherishing the integration of finance and public welfare as a core objective.

The Company consistently leverages the positive impact of finance, engaging in charitable activities such as publicity, social emergency response, and ecological conservation.



CHINA GALAXY SECURITIES

Key actions for social contribution of China Galaxy Securities in 2024

Public welfare and charitable activities

✓ The Company organized a charity book fair at Beijing World Youth Academy. Through book donations, organization, and purchases, the event highlighted the medical condition and treatment expenses of "Hang Hang," the beneficiary, and encouraged students and parents at the school to contribute their support and compassion.



"Sending Warmth on June 1st, Passing on Public Welfare" Charity Activity



"Love from CGS, Bettering the Society" Public Welfare Series Events

✓ The Company organized 13 "Love from CGS, Bettering the Society" public welfare series events nationwide, actively engaging in the development of the social emergency response system. The Company focused on the work goals of "being able to rescue, willing to rescue, daring to rescue, and capable of rescuing," and adhered to the work idea of "strengthening internal coordination and deepening external cooperation". We systematically implemented the "Ten-Hundred-Thousand" project, steadily promoted the construction project of the first-aid system for branches, and spared no effort to build the "Love from CGS, Bettering the Society" people's livelihood guarantee brand.

✓ CGS International took part in the International Women's Day celebrations, offering a platform for women to showcase and sell their handicrafts. This initiative supports marginalized communities, enabling them to fully utilize their vocational skills, attain self-sustaining purposes, and foster social inclusion.



CGS International Caring Women's Group Public Service Campaign

Key actions for social contribution of China Galaxy Securities in 2024

Employee volunteering

✓ The Company organized Party members from the Beijing region to visit the Temple of Heaven Park and engage in volunteer services alongside the Beijing Emblem Volunteer Service Team, addressing visitor inquiries and offering guidance and assistance.



Love and Care Volunteering Initiative in the Temple of Heaven Park



Tree Planting Volunteering Activities among Employees of CGS International

✓ CGS International collaborated with Singapore's National Parks and Land Transport Authority to plant trees with residents of Sengkang East and the People's Association, enhancing community awareness of climate-related initiatives.

✓ In partnership with its Singapore headquarters' property management company, CGS International organized a beach cleanup initiative for employees, collecting a total of 46.6 kg of waste to promote awareness of beach and ecosystem conservation.

CHINA GALAXY SECURITIES

05

PART FIVE

Building a Firm Foundation for Development to Consolidate CGS Governance

CHINA GALAXY SECURITIES >>>>>>>

China Galaxy Securities upholds the principle of deeply integrating Party building with corporate governance, actively fosters the industry culture building, values compliance as the foundational pillar of its corporate growth, rigorously enforces business ethics and anti-corruption measures, resolutely opposes unfair competition, and thereby bolsters the Company's sustainability.

Responding to the issues of:



The proportion of
female directors reached
30%

The total annual dividend
distributed was RMB
3.324 billion

Obtained the highest
rating in the industry's
culture building practice
evaluation for three
consecutive years
AA

Corresponding UN Sustainable
Development Goals:



5.1 Corporate governance

Governance

The Company has established a robust, standardized, and scientifically sound corporate governance framework, comprising the General Meeting of Shareholders, the Board of Directors, the Supervisory Committee, and the Executive Committee, in strict compliance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and other relevant laws, regulations, and normative documents. This framework ensures a well-defined division of responsibilities and standardized operations among the governing bodies, decision-making authorities, supervisory entities, and management, giving rise to a coordinated and mutually balanced corporate governance mechanism.

The Company has established internal regulations, notably the *Articles of Association*, which clearly delineate the authorities and responsibilities of the Board of Directors and management, thereby ensuring robust balancing and restraint mechanisms for effective corporate governance and internal control.

Strategy

As a company listed in both Hong Kong and Shanghai and registered in China, the Company rigorously adheres to the legal, regulatory, and normative requirements of its listing jurisdictions and domestic authorities. The Company continuously identifies, assesses, and manages the impacts, risks, and opportunities associated with corporate governance. By refining its governance system to align with both domestic and international regulatory standards, the Company enhances its operational and managerial practices, ensuring they are both standardized and scientifically grounded. These efforts are dedicated to maintaining the Company's favorable social reputation.

Impacts, risks and opportunities related to corporate governance and management strategies of China Galaxy Securities

Major impacts, risks and opportunities	Time range of impact	Financial impact of risk	Management strategies
Impact: Impairment of investor rights Risk: Liability risk and reputation risk	Standard operations		Continuously pay attention to changes in external regulations and best practices in the industry, and continuously optimize the corporate governance structure of the modern enterprise.
	Directors' performance of duties	Medium and long term	Compliance costs ↑ Operating revenue ↓
	Information disclosure and protection of shareholders' rights and interests		Continuously optimize and improve the internal control, risk management and compliance management systems of the Company to spur the continuous improvement of the Company's operational efficiency.
			Strengthen the responsibility of the "key minority personnel" and enhance their ability to perform their duties.
			Attach importance to shareholders' returns and continuously optimize the shareholders' return mechanism.
			Continuously strengthen the responsibility of information disclosure and bolster the development of information disclosure management system.
			Adhere to the principle of transparency and openness and investor demand orientation, to continuously improve its investor relationship management.

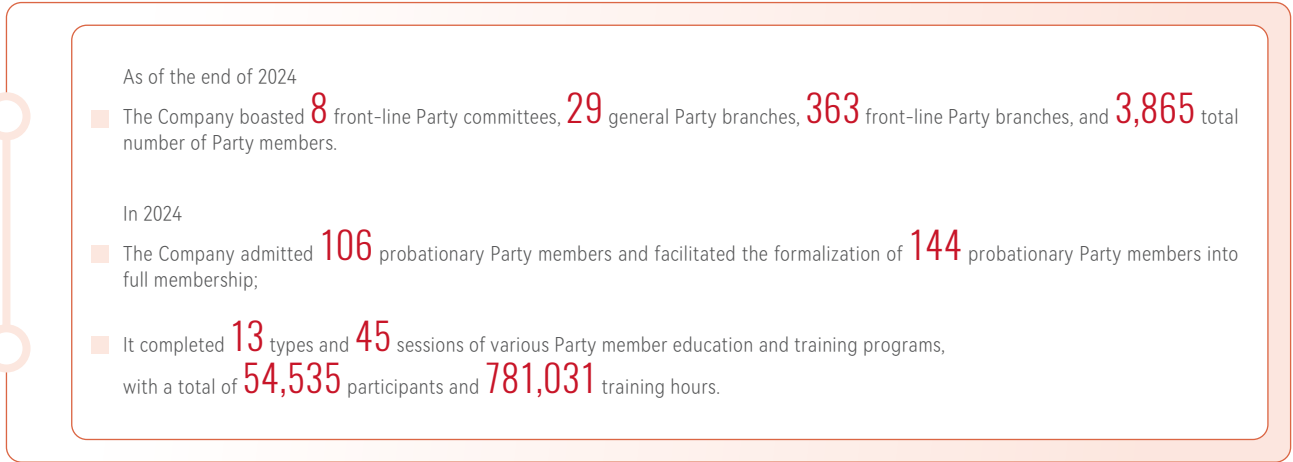
Impacts, Risks, and Opportunities Management

The Company is committed to integrating the strengthening of Party leadership with the enhancement of corporate governance, in pursuit of organic alignment, unified advancement, and coordinated synergy. In 2024, the Company closely adhered to the requirements of the new "National Nine Articles" and the "1+N" supporting policies issued by China Securities Regulatory Commission. In response to the *Initiative on Launching the "Enhancing Quality, Boosting Efficiency, and Prioritizing Returns" Special Campaign for Shanghai-listed Companies* of the Shanghai Stock Exchange, the Company launched its own "Enhancing Quality, Boosting Efficiency, and Prioritizing Returns" special campaign. This campaign highlights three key areas: leveraging Party building as a guiding force, ensuring effective performance by directors and supervisors, and safeguarding shareholder rights. Through these efforts, the Company is intended to usher in high-quality development, enhance investment value, and earnestly protect the legitimate rights and interests of investors, particularly small and medium-sized investors.

Party building as a guiding force

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company prioritizes the political development of the Party, fully leverages the steering role of the Party Committee, revises the decision-making procedures of the Party Committee, and enhances the procedures and scope for preliminary research and discussion. The Company remains steadfast in fulfilling its responsibilities for Party management and governance, carrying out Party discipline education with high standards and quality. The Company rigorously promotes the implementation of inspection rectifications, audit corrections, and case-driven reforms for thorough and impactful purposes. The Company concentrates its efforts to support national strategies, deepen reforms, and advance secure development in an integrated manner.

In 2024, the Company convened 50 Party Committee meetings, deliberating and making decisions on 639 matters related to Party building and operational management. The Company conducted 38 "First Agenda" study sessions and 29 Central Group study meetings, disseminating a total of 345 study documents.



Performance of duties by directors and supervisors

The Company strictly complies with the requirements of the new *Company Law*, the latest regulatory rules and the corporate governance system, and solidly promotes efficient and standardized operation and enhances the effectiveness of corporate governance.

Performance of duties by directors, supervisors and senior management of China Galaxy Securities in 2024

Field	Policy and implementation
Relevant meetings held	<p>✓ The convening, convening procedures and voting procedures of the General Meeting of Shareholders, and meetings of the Board of Directors and the Supervisory Committee of the Company are lawful and effective, and the corporate governance of the Company is scientific, rigorous and standardized. Content related to change of terms.Relevant meetings held in 2024:</p> <p>4 general meetings of shareholders held, 33 matters deliberated. 11 meetings of Board of Directors held, 65 matters deliberated. 8 meetings of Supervisory Committee held, 21 matters deliberated. 26 meetings of specialized committees under the Board of Directors held, all major resolutions effectively implemented.</p>
Efficient duty performance of the Board of Directors	<p>✓ Directors are elected and removed in accordance with the provisions of the <i>Articles of Association</i>. Each director serves a term of three years and is eligible for re-election. In 2024, the Company's Board of Directors comprised 10 members, including 2 executive directors, 4 non-executive directors, and 4 independent non-executive directors. Non-executive directors and independent non-executive directors did not participate in the day-to-day operations of the Company and maintained independence from management.</p> <p>✓ The Board of Directors fulfilled its responsibilities in compliance with the <i>Articles of Association</i>, the <i>Rules of Procedure for the Board of Directors</i>, and other relevant policies. In 2024, the Company actively organized key minority personnel, including directors, supervisors and senior management, to participate in compliance training programs tailored for listed companies. The training aimed to continuously enhance their ability to fulfill their duties and enrich their understanding of compliance. The training for the Company's directors and supervisors covered a range of topics, including ESG policy trends, related-party transactions, and compliance management.</p>
Independence of the Board of Directors	<p>✓ The Company's controlling shareholders exercised their rights in accordance with the law through the General Meeting of Shareholders, maintaining independence from the Company in areas like assets, personnel, finance, organizational structure, and business operations.</p> <p>✓ The Company fully implemented the requirements of the independent director system reform, refining and standardizing the deliberation and decision-making procedures for independent director meetings. These efforts improved the efficiency and scientific decision-making capabilities of these meetings, enabling independent directors to play a more effective role in corporate governance.</p> <p>✓ In 2024, the Company revised the <i>Rules of Work for Independent Directors</i> and introduced the <i>Rules of Procedure for Independent Director Meetings</i>. The proportion of independent directors on the board reached 30%, further enhancing the board's independence. During the year, the Company convened one independent director meeting, and deliberated on a total of one proposal.</p>
Diversification of the Board of Directors	<p>✓ The Company formulated a board diversity policy, comprehensively considering multiple facets of diversity among directors, encompassing gender, age, cultural and educational backgrounds, professional experience, skills, knowledge, and length of service, among others. The Nomination and Remuneration Committee is responsible for monitoring the execution of this policy and conducting periodic evaluations to assess its efficacy. In 2024, 30% of the Company's directors were women.</p>
Performance assessment and incentive and disciplinary mechanism for directors, supervisors and senior management	<p>✓ The General Meeting of Shareholders is responsible for determining the annual remuneration system for directors (including the Company's President) and supervisors.</p> <p>✓ The Company has implemented the <i>Management System for Shares Held by Directors, Supervisors, and Senior Management and Their Changes</i>, strengthening the oversight of shareholding by directors, supervisors and senior management.</p> <p>✓ The Chairman of the Board of Directors, the Chairman of the Supervisory Committee, and senior management, including the General Manager, are subject to deferred compensation based on performance metrics. The deferred compensation is structured as follows: 30% is deferred for each of the first three years, with an additional 10% serving as tenure incentive compensation, payable alongside the third year's deferred compensation based on the comprehensive assessment results of their tenure.</p>

Information disclosure and protection of shareholders' rights and interests

"Investor-centric" information disclosure represents a crucial embodiment of the Company's commitment to the "people-centric" principle in financial operations. As a dual-listed enterprise in Shanghai and Hong Kong, the Company upholds the principle of "high-quality information disclosure." It strictly complies with the relevant laws and regulations of its listing jurisdictions and adheres to the principles of "truthfulness, accuracy, completeness, timeliness, and fairness" in its disclosure practices. The Company makes continuous efforts to enhance the effectiveness and transparency of its information disclosure to effectively safeguard investors' right to know. Building on its statutory information disclosure obligations, the Company actively explores and gradually strengthens voluntary information disclosure tailored to investor needs, facilitating informed investment decisions made by investors and value assessments. By improving voluntary disclosure, the Company further enhances its transparency. In 2024, the Company issued 332 announcements for both A-shares and H-shares, earning the highest rating for annual information disclosure from the Shanghai Stock Exchange.

The Company has continuously refined its investor relations management system, categorizing the relations based on regularity, periodicity, and initiative. The Company has enhanced offline and online investor relations activities, including investor visits, analyst research, and engagement through the Company's official website, hotline, public email addresses, and the "e-Interaction" platform of Shanghai Stock Exchange, to improve communication efficiency with investors. The Company promptly addresses investors' concerns and actively communicates its value by holding regular performance briefings and occasional roadshows, enriching a deeper understanding of the Company's operations among investors. In 2024, the Company organized three performance briefings for all investors, facilitated one large-scale and seven small-scale analyst research meetings with domestic and international analysts, engaged in nearly a hundred-participant communication activities between analysts and investors, and promptly responded to 38 investor inquiries on the "e-Interaction" platform of Shanghai Stock Exchange.

The Company has firmly established a commitment to shareholder returns, prioritizing the creation of a "long-term, stable, and sustainable" shareholder value return mechanism, ensuring continuity and stability in its profit distribution policy. In 2024, the Company fully repaid the principal and interest of all maturing bonds and made timely and complete interest payments for other bonds that had not yet matured, thereby effectively safeguarding the interests of its creditors.

Indicators and Targets

With the goal of "building an excellent, sound and efficient corporate governance mechanism," the Company has formulated monitoring indicators and continuously tracked the progress of the implementation of the goal.

CGS corporate governance-related performance in 2024

Indicator	2024 performance
Average attendance rate of directors at meetings of Board of Directors held during the year	100%
Coverage of directors in annual ESG training	100%
Coverage of directors in annual anti-corruption training	100%
Number and proportion of independent directors on the Board of Directors	4 independent directors, accounting for 40% of the total number of directors
Proportion of independent directors on the Audit Committee	100%
Number and proportion of female directors on the Board of Directors	3 female directors, accounting for 30% of the total number of directors
Time and amount of dividends paid	Dividends distributed twice, totaling RMB 3.324 billion

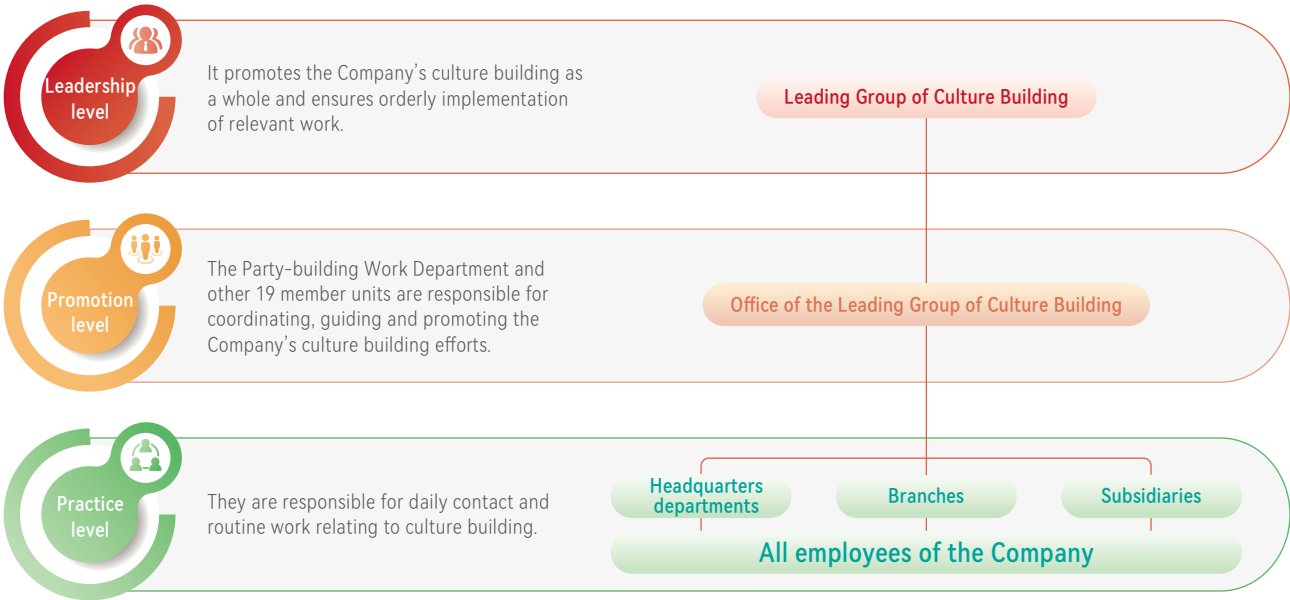
For more details on the management of corporate governance issues, please refer to the "Corporate Governance" section of the *2024 Annual Report of China Galaxy Securities Co., Ltd.*



5.2 Industry culture building

A robust cultural ecosystem serves as the cornerstone and driving force for the healthy, high-quality, and sustainability of the securities industry. Guided by the *Ten Elements of Culture Building in the Securities Industry*, China Galaxy Securities deeply implements the financial culture with Chinese characteristics featuring "Five Do's and Five Don'ts," and embraces the industry's cultural values of "compliance, integrity, professionalism, and prudence." The Company has revitalized its cultural philosophy "ONE CGS" framework, striving to cultivate a distinctive corporate culture that aligns with the vision of building a strong financial nation and fostering a first-class investment bank. This cultural development provides strong support for the Company's high-quality growth, demonstrating the unique characteristics of the securities industry.

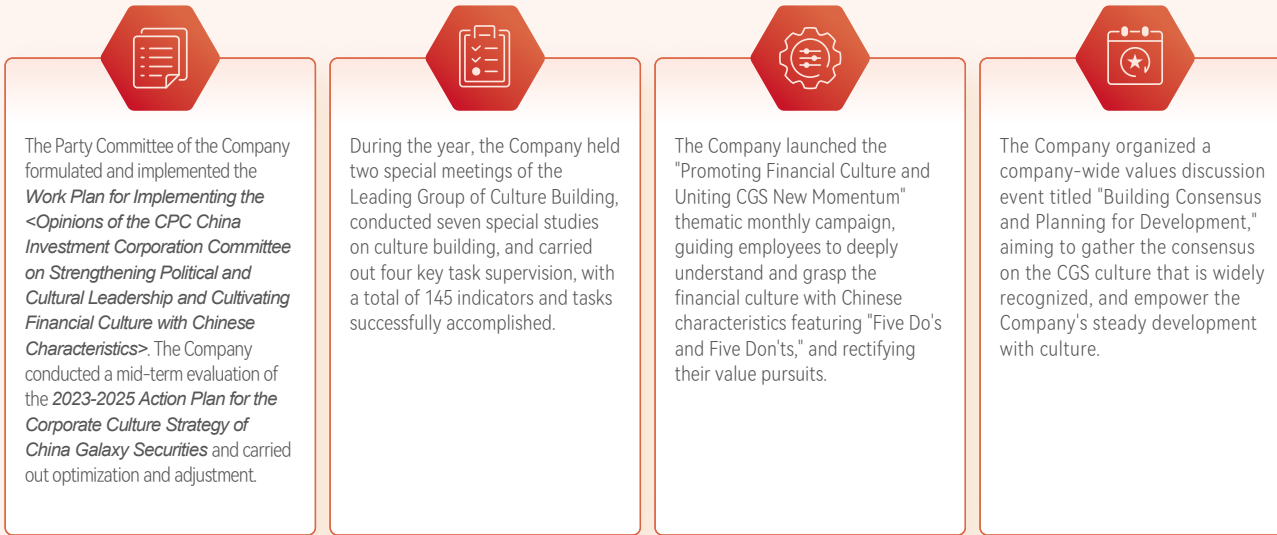
Organizational structure of CGS industry culture building



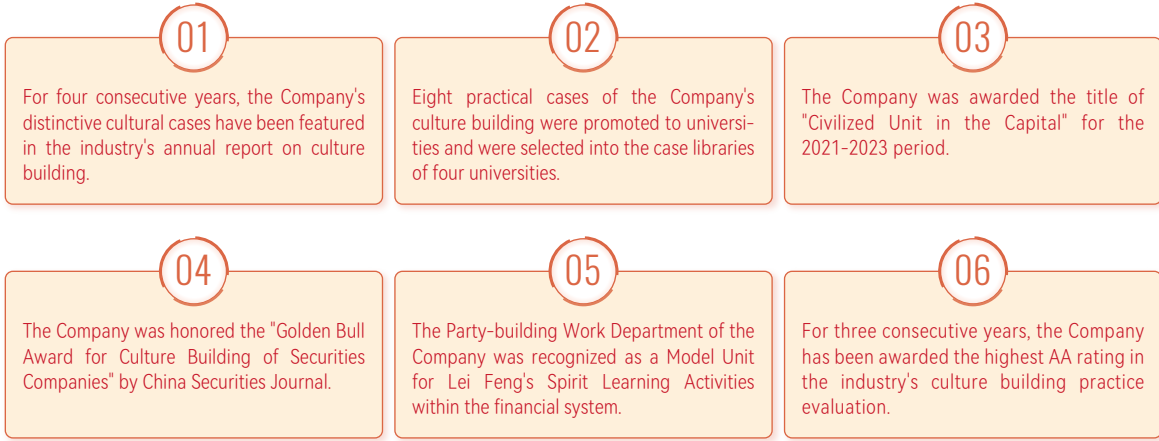
In 2024, the Company fully implemented the Work Arrangements for *Further Consolidating and Promoting Culture Building in the Securities Industry* issued by the Securities Association of China. The Company established "three mechanisms" and adhered to "three integrations," deepening corporate culture recognition and fostering endogenous momentum for corporate cultural development.



Key culture building initiatives carried out by China Galaxy Securities in 2024



In 2024,



For more details on the management of industry culture building issues, please refer to the *CGS Culture Building Practice Report in 2024* to be released on the Company's official website later.

5.3 Compliant operation

Governance

The Company strictly abides by the *Securities Law of the People's Republic of China*, the *Supervision and Management Regulations of Securities Companies*, the *Compliance Management Measures of Securities Companies and Securities Investment Fund Management Companies* and other laws, regulations and management rules, and has formulated systems such as the *Compliance Management Regulations*, and the *Implementation Rules for Management of Conflicts of Interest*. In 2024, the Company issued the document *Detailed Rules for the Implementation of the Compliance Management of Program Trading* to strengthen the standardized management of compliance operation.

The Company continually refines and enhances its compliance management systems across all business lines, systematically establishing and optimizing a thorough compliance management framework for its subsidiaries in line with the principle of "being thorough in a tiered manner," thereby facilitating the efficient execution of compliance management.

Compliance governance structure of China Galaxy Securities

Board of Directors Compliance and Risk Management Committee	Determine the Company's compliance management objectives and assume responsibility for the effectiveness of compliance management.	Supervisory Committee	Supervise the fulfillment of compliance management duties by directors and senior management.
Compliance Director	Be responsible for the implementation of compliance management objectives, accountable for compliance operations, and directly responsible to the Board of Directors.		
Legal and Compliance Headquarters	Be responsible to the Compliance Director, reporting to the Compliance Director and assisting the Compliance Director in compliance management.		
Heads of subordinate units (business lines, departments, branches, and subsidiaries)	Be responsible for the implementation of the compliance management objectives of their own units and accountable for the compliance operation of their own units.		
All employees	Comply with the laws, regulations and guidelines related to their practice and take responsibility for the compliance of their practice.		

In terms of the assessment of compliance management personnel, full-time compliance management personnel are assessed by the Compliance Director. For part-time compliance management personnel assessment, the Compliance Director's evaluation carries a weight of 55% in the overall assessment. Compliance management personnel of business departments shall be responsible for and report to the head of their departments and report to the Compliance Director.

Strategy

The Company continuously strengthens the identification of risks related to compliance operation, improves the compliance management system, strengthens the foundation of compliance management, and makes concerted efforts to prevent compliance risks pursuant to the strategic action plan for the internal control line of the *Support and Guarantee Strategic Action Plan of China Galaxy Securities (2023-2025)*.

Risks and response strategies for compliant operation of CGS

Type of risk	Time range of impact	Financial impact	Response strategies
Legal and compliance risks	Medium and long term	Compliance costs↑	To establish a solid and robust foundation for compliance management, the Company adopts a proactive approach by advancing the risk management frontier. By leveraging the expertise of compliance personnel across various regulatory regions and business lines, the Company concentrates its efforts to prevent compliance risks.
Operational risk	Medium and long term	Operating revenue↓	

Impacts, Risks, and Opportunities Management

China Galaxy Securities has established a comprehensive closed-loop compliance management mechanism that spans the entire process, encompassing "pre-event mechanism development, in-event mechanism operation, and post-event review, supervision, and continuous improvement," and it continues to enhance this mechanism.

Compliance risk management process at China Galaxy Securities

Pre-event
mechanism
development

- ✓ The Company conducts compliance reviews on business rules and regulations, major decisions, and new business plans.
- ✓ The Company has carried out the work of "abolishing, amending, merging, and establishing" systems for many consecutive years. The timely updated systems and mechanisms well adapt to the rapidly changing capital market and promote the steady development of the Company.
- ✓ Combining with the actual work situation, the Company formulates the "Account of the Embedding of Regulatory Laws and Regulations into the Internal Control Mechanism," analyzes each regulatory law and regulation item by item, and puts forward specific requirements for implementing the regulatory laws and regulations from the perspectives of embedding them into the Company's systems, information systems, agreement templates, working papers/template documents, operation manuals/guidelines/processes, etc., and urges relevant departments to complete the work of system improvement in a timely manner.

In-event
mechanism
operation

- ✓ The Company has a sufficient number of professional compliance management personnel, who, under the leadership of the Company's Chief Compliance Officer, carry out various compliance management tasks in a solid manner.
- ✓ The Company conducts comprehensive regulatory communication and spares no effort to resolve risk incidents.
- ✓ The Company closely tracks regulatory laws, regulations, and regulatory cases and implements them in a comprehensive manner.
- ✓ The Company takes regional compliance officers as the key to fully implement compliance management work in branches.
- ✓ The Company continuously consolidates the compliance management of its subsidiaries, especially strengthening the penetrating compliance management of overseas subsidiaries.

Post-event
review and
rectification

- ✓ The Company supervises and checks the compliance of business operation management and professional practices.
- ✓ The Company adheres to strict, tight and tough standards, puts an end to leniency, laxity and softness, and earnestly carries out compliance accountability.
- ✓ The Company continuously consolidates and improves the compliance assessment mechanism and evaluation standards, and gives full play to the guiding role of the compliance assessment as the "baton."
- ✓ The Company has established a progressive compliance supervision and management model, forming a progressive supervision and management model of "reminder letter, letter of concern, warning letter," and has established a "compliance rectification notice" mechanism.
- ✓ The Company spares no effort to conduct compliance inspection, supervision and rectification, and forms a closed loop of inspection-rectification-training.
- ✓ The Company continuously does a good job in urging rectification work by drawing inferences from one case.

The Company has undertaken a thorough deepening of its compliance management, bolstering its capacity to prevent compliance risks through various initiatives, including business compliance management, subsidiary compliance oversight, compliance team development, and the fostering of a compliance culture.

Key compliance management initiatives of China Galaxy Securities in 2024

Business compliance management



- ✓ The Company focused on the key areas of regulatory concern and the business fields where violations are prone to occur frequently. CGS concentrated its business resources and organized inspections of investment consulting, equity incentive exercise financing business, stock pledge business, internal control inspections of branches, inspections of investment research business, research business, market-making business, and information technology inspections, etc. Taking the problems discovered through self-inspection as the starting point, CGS thoroughly sorted out and investigated the potential risks of various businesses. For the discovered problems or potential hazards, CGS promptly gave feedbacks to the relevant units and urged the implementation of rectification measures.

Compliance management of subsidiaries



- ✓ **Mechanism Development:** The Company established compliance management systems for subsidiaries, including the *Domestic Subsidiary Management Measures* and *Overseas Subsidiary Management Measures*. By standardizing subsidiary governance procedures and reviewing major matters, the Company strengthened its oversight and control over subsidiaries. The Parent Company was tasked with reviewing the fundamental compliance management systems of its subsidiaries, upon which the subsidiaries executed their internal approval procedures.
- ✓ **Personnel management:** In accordance with the Company's annual compliance assessment program, annual compliance assessments were conducted for subsidiaries and their respective compliance heads. Heightened accountability measures were imposed on personnel who demonstrated inadequate performance in compliance management.
- ✓ **Reporting mechanism:** The Company conducted regular or ad hoc research, supervision, and inspections to evaluate the compliance of subsidiaries' management practices and operational activities. It provided guidance to subsidiaries to facilitate further improvements or corrective actions. After being informed of the occurrence of major compliance risk matters of a subsidiary, the Compliance Director will report to the Board of Directors, Supervisory Committee and the principal person in charge of operation and management in a timely manner in accordance with the Company's regulations.

Compliance team building



- ✓ By standardizing and normalizing compliance management tools, audit criteria, inspection templates, monitoring indicators, and assessment procedures, the Company has enhanced the performance of compliance management personnel at all levels.

Compliance culture building



- ✓ The Company firmly grasped the "three key elements" and conducted targeted compliance training. First, CGS focused on the key minority. CGS has carried out 4 on-site compliance training sessions for the heads of branches, and organized 2 training sessions for compliance management personnel of branches. Compliance courses have been embedded in the courses of the CGS Party School. Second, the Company focused on key laws and regulations. CGS has organized special training sessions on the *Regulations on Strengthening the Supervision of Listed Securities Companies* and the new *Company Law* for the Company's directors, supervisors, senior management, heads of various departments, and heads of subsidiaries. Third, CGS focused on key groups. CGS has carried out training covering all compliance managers; CGS has provided on-site training for new employees in 2024, giving them the first compliance lesson to help new employees establish a sense of compliance from the source.
- ✓ The Company deepened the construction of a clean and honest culture and conducted annual training and special training sessions.
- ✓ The Company founded the quarterly journal *CGS Compliance Window* and has fully released four issues, creating a characteristic platform for the construction and promotion of a compliance culture.

Indicators and Targets

The Company is committed to its goal of "establishing and refining a robust compliance management mechanism and system, integrating compliance management into every aspect of its business activities, effectively identifying and managing compliance risks, fostering a long-term compliance management mechanism with effective constraints and checks and balances, and thereby laying a solid foundation for the Company's sustained, healthy, and stable development." This commitment drives the thorough implementation of compliance management initiatives.

Compliance Operation Targets and Completion Status of China Galaxy Securities in 2024

Targets	Achievements in 2024
Establish and improve the compliance management mechanism and system	The Company has established compliance management mechanisms and systems, and implemented compliance management in all aspects of business activities.
Implement compliance management in all aspects of business activities	The Company carried out various types of training at multiple levels, from multiple dimensions, and with pertinence.
Strive for no major violations related to compliance management	The Company did not commit any major violations of laws and regulations such as insider trading, market manipulation and covert credit trading.



5.4 Comprehensive risk management

Governance

The Company strictly complies with the *Securities Law of the People's Republic of China*, the *Comprehensive Risk Management Standard for Securities Companies*, the *Measures for Management of Risk Control Indicators of Securities Companies* and other laws, regulations and management rules, and formulated the *Comprehensive Risk Management Policy*, the *Liquidity Risk Management Measures*, etc. In 2024, the Company revised the Measures for the *Management of Group Risk Appetite* and the *Measures for the Management of Market Risk* to further standardize the Company's comprehensive risk management.

The Company has established an upper-tier risk management organization system centered around the Board of Directors, the Supervisory Committee, and the operation management. The Company has also created a front-line risk management organization system based on the "Three Lines of Defense" principle, which integrates the risk management of its subsidiaries into a unified framework and enforces vertical management over their risk management. In 2024, the Company formed a Risk Management Committee within its Executive Committee, to oversee the Group's operational risks and deliberate on and decide upon significant risk management issues.

The Company has established a performance assessment and accountability mechanism that is tied to the efficacy of risk management, safeguarding the effectiveness of its comprehensive risk management.

Comprehensive risk management governance structure of China Galaxy Securities

Board of Directors Compliance and Risk Management Committee	Determine the risk management objectives of the Company and assume responsibility for the effectiveness of risk management.	Supervisory Committee	Be responsible for supervising and inspecting the performance of the Board of Directors and the management in risk management and urging rectification.
Operation Management Risk Management Committee	Implement overall management of the Group's operational risks, and deliberate and make decisions on major risk management matters.		
Risk Management Headquarters	Promote risk management, coordinate the management of risks faced by the Group, and assist, guide and check the risk management of each department, branch and subsidiary.		
Heads of subordinate units (business lines, departments, branches, and subsidiaries)	Be responsible for the implementation of the risk management objectives of the unit and responsible for the risk management of the unit.		

Strategy

The Company prioritizes addressing market risk, credit risk, operational risk, liquidity risk, and other types of risk. The Company has established a comprehensive risk management system, forming three lines of defense for risk management: all business units, the risk management functions, and the audit department. The Company makes continuous efforts to better risk response mechanisms. Adhering to a prudent and steady risk appetite, the Company manages various risks at the group level with a steady approach. CGS evaluates and balances risks and returns from a strategic perspective, ensuring the Company's safe operations and efficient development. By maximizing risk-adjusted returns, the Company advances long-term sustainable growth.

Main risks and response strategies for comprehensive risk management of CGS

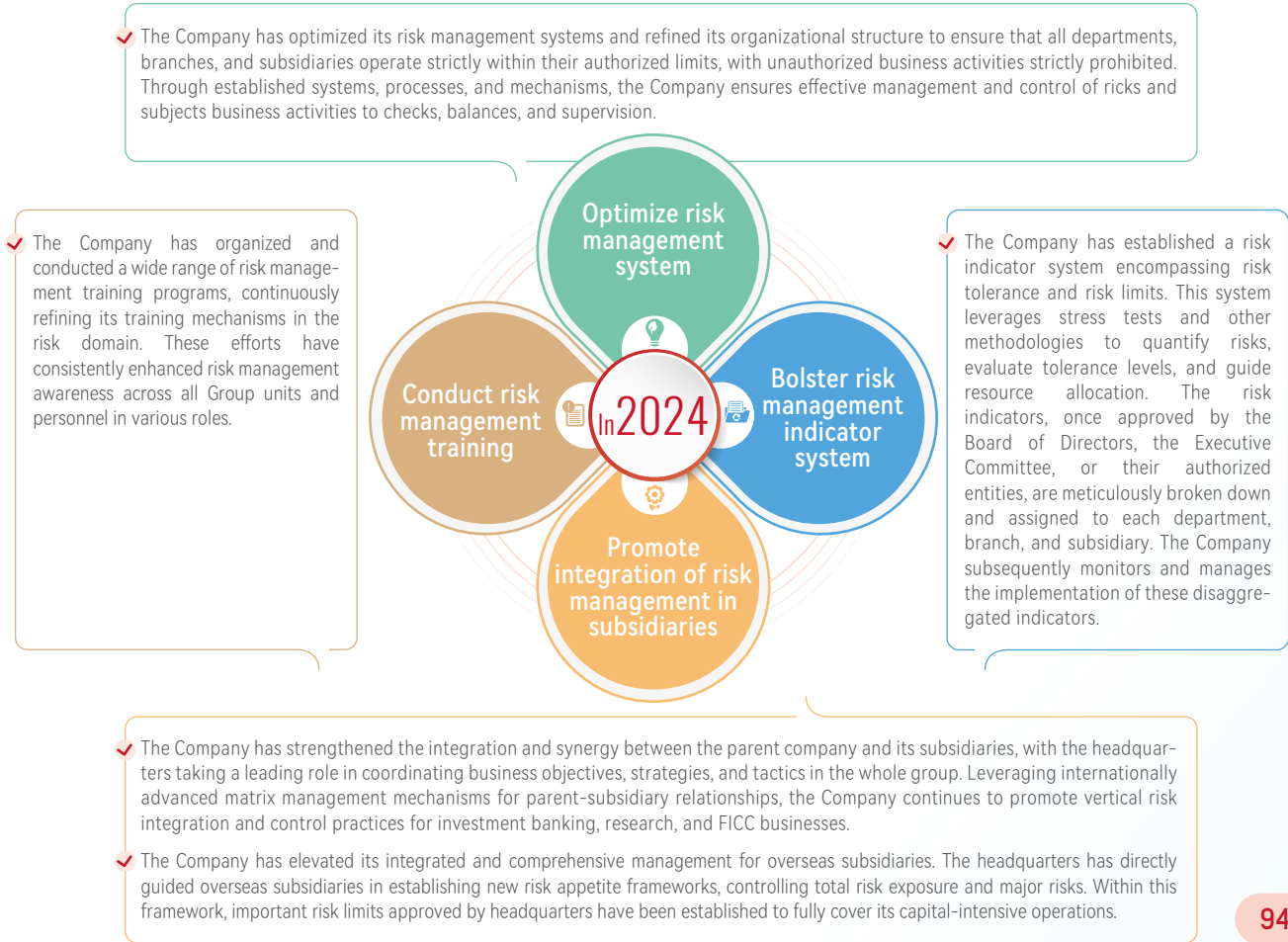
Type of risk	Time range of impact	Financial impact	Response strategies
Market risks	Short, medium, and long term	Operating revenue ↓ Investment portfolio value ↓ Operating cost ↑	Centering on the strategic transformation and serving the national strategy series of initiatives, the Company has created and continuously improved a comprehensive risk management system that adapts to the requirements of modern investment banking.
Credit risk			CGS has enhanced its risk control capabilities in supporting financial service entities and national strategies, rigorously managing the risk levels associated with various business operations, and steadfastly maintaining the bottom line of avoiding significant risks.
Liquidity risk			
Operational risk			

Impacts, Risks, and Opportunities Management

The Company endeavors to identify, classify, and evaluate various risks by gathering and analyzing internal and external information. CGS employs a combination of qualitative and quantitative methods for risk analysis and prioritization, with a particular emphasis on mitigating high-risk items. The Company pays close attention to the interconnectedness of risks and conducts prudent assessments of the overall risk level to guarantee comprehensive and effective risk management.

In 2024, the Company further refined its risk management system and indicator system, fostering seamless integration of risk management practices across subsidiaries. Through a multifaceted approach, CGS fueled the implementation of comprehensive risk management initiatives.

Key initiatives for comprehensive risk management of China Galaxy Securities in 2024



**case The Company organized training on credit rating tools for overseas subsidiaries**

In April 2024, the Company conducted a specialized training program on the Core Risk Management Module of Capital IQ (CIQ) and CIQ Pro, integral to S&P Global Market Intelligence data terminals. The training emphasized key areas, including CIQ's rating functionalities, methodologies for credit analysis modeling, CIQ Pro's public opinion early-warning systems, macroeconomic data analysis for sovereign states, and fundamental analysis of credit entities. The training program has significantly enhanced the dialogue on risk management practices between domestic and international entities, facilitated the advancement of risk anticipation and surveillance capabilities among overseas subsidiaries, and catalyzed the cohesive adoption of risk management instruments across the Group.



Capital IQ Credit Rating Tool Training

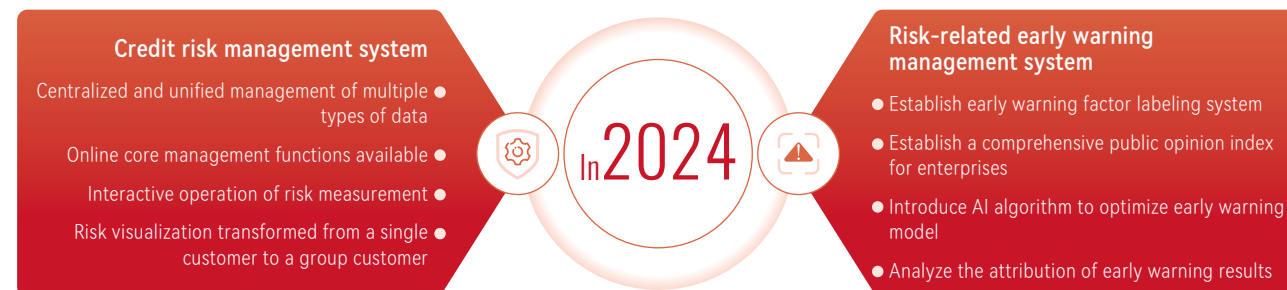
**case The Company held a specialized training workshop on reputation risk management**

In August 2024, in compliance with directives from relevant authorities, the Company convened a specialized training workshop on reputation risk management. Esteemed experts in the field conducted a specialized training workshop focusing on the intricacies of managing reputation risks within the financial sector. Utilizing real-world case studies, the experts dissected the critical challenges and pivotal aspects of reputation risk management, facilitating a robust exchange on industry-standard mitigation and countermeasures. The department heads from the Company's headquarters, leaders of Beijing-based subsidiaries, and designated reputation risk liaisons from various units attended in person. Concurrently, leaders of branches and subsidiaries located outside Beijing joined the workshop virtually.



Specialized Training on Reputation Risk Management

The Company has successfully developed and commissioned three next-generation risk management systems, encompassing market risk, credit risk, and integrated risk early warning for same business and customer. Through the independent development of multiple risk management modules, the Company has consistently enhanced the functionality of its specialized risk management systems. CGS has brought a unified risk management portal platform to fruition, which, driven by digital innovation, has significantly bolstered the overall efficacy of risk management processes.

CGS risk management information system development in 2024**Indicators and Targets**

The Company is committed to its risk management mission of "ensuring sustainable and sound development, maintaining orderly business operations within an acceptable risk threshold, and guaranteeing that overall operational risks are measurable, controllable, and acceptable, thereby achieving the Company's overarching strategic goals." The Company seeks to drive the advancement of comprehensive risk management.

Comprehensive risk management indicators and actual situation of China Galaxy Securities in 2024

Indicator	Targets	Achievements
Risk coverage ⁴	Risk coverage of not less than 130%	215.02%
Capital leverage ratio	Capital leverage ratio of not less than 9.6%	13.45%

5.5 Business conduct**Integrity practice⁵ and anti-corruption****Governance**

China Galaxy Securities has strictly abode by the *Securities Law of the People's Republic of China*, the *Regulations on Integrity practice of Securities and Futures Institutions and Their Staff*, the *Prevention of Bribery Ordinance* and other relevant regulations and regulatory self-discipline regulations and has formulated the *Regulations on Integrity practice* and *Measures for the Administration of Integrity practice* to urge the Company and employees to observe professional ethics and prevent the risk of violating integrity practice requirements.

The Company has established an organizational structure for integrity practice management consisting of the Board of Directors, the Supervisory Committee, senior management, managers at all levels, departments, branches, subsidiaries and staff members with hierarchical management and respective responsibilities, to clearly define the responsibility requirements for integrity practice management of staff members at all levels.

Integrity practice governance structure of China Galaxy Securities

Board of Directors	Determine the objectives and overall requirements of integrity practice management and assume responsibility for the effectiveness of integrity practice management.	Supervisory Committee	Supervise the performance of directors and senior management in the development of a clean culture and the management of integrity practices.
Senior management	Be responsible for the implementation of integrity practice management objectives and clean operation.		
Heads of subordinate units (business lines, departments, branches, and subsidiaries)	Be responsible for implementing the objectives of integrity practice management, strengthening the management of integrity practice behavior of the staff of its lines, departments, branches and subsidiaries, and assuming responsibility for the implementation of integrity practice management.		
All employees	Take the initiative in identifying and controlling the integrity practice risks and assume responsibility.		

Strategy

The Company has established and refined a robust leadership framework and institutional structure for integrity practice management, ensuring the fulfillment of responsibilities in this domain. CGS employs effective measures to identify and mitigate risks associated with integrity practice. In its daily operations, the Company proactively upholds the philosophy of integrity practice, rigorously adhering to both internal and external standards and requirements for integrity practice management.

Risks and response strategies for integrity practice of CGS

Type of risk	Time range of impact	Financial impact	Response strategies
Risk of conflicts of interest Risk of commercial bribery	Medium and long term	Operating revenue ↓	Establish and improve the leadership mechanism and institutional arrangements for the management of integrity practice, and implement the responsibility for the management of integrity practice. Cultivate the awareness of integrity practice among all staff members and continuously promote the development of a clean culture.

5. Integrity practice refers to the practitioners' strict compliance with laws and regulations and professional ethics in their professional activities, without the use of power for personal gain, corruption and bribery. Closely related to anti-corruption, integrity practice prevents the occurrence of corruptions at the individual level, which is valued as the foundation and an important part of anti-corruption.

Impacts, Risks, and Opportunities Management

The Company has been actively cultivating a culture of "Clean Galaxy," having devised a comprehensive "Three-Phase Roadmap" to establish this ethos, which has been seamlessly integrated into the Company's strategic blueprint. By refining the daily management protocols, conducting specialized self-audits and evaluations, enhancing oversight of employee conduct, and advancing integrity-focused training programs, CGS has fortified the foundation for the Company's sustainable growth and positioned itself as a vanguard in ethical business practices.

Key initiatives on integrity practice and anti-corruption management of CGS in 2024

Improve personnel management system

✓ The Company has integrated integrity practice evaluations into its personnel management system, while establishing and enhancing financial management and marketing activity controls. CGS has standardized third-party engagement practices in investment banking operations and implemented a series of measures to develop robust conflict-of-interest prevention policies and operational mechanisms. The Company has strengthened conflict-of-interest reviews for investment banking operations, fully embedded integrity practice management into daily operational processes.

Conduct evaluation and self-audit and supervision

✓ The Company has initiated comprehensive integrity practice risk assessments and specialized self-audits on integrity practices. Members of the Supervision and Coordination Task Force have effectively executed their respective departmental mandates, systematically integrating integrity practice requirements into oversight mechanisms through routine inspections, internal audits, and risk assessment protocols.

✓ The Company has incorporated integrity practice and anti-corruption risks, along with their corresponding control measures, as critical audit elements in its revised annual audit protocol. These elements have been systematically integrated into the **Control Matrix for Securities Business Departments** and other matrix documents and protocols.

✓ The Company has incorporated integrity practice and anti-corruption risks as core components in its annual evaluation framework across internal control evaluations, compliance effectiveness assessments, and comprehensive audit programs covering all business units, branches, and subsidiaries.

✓ The Company has implemented a comprehensive audit framework that integrates both in-tenure and post-tenure audits, ensuring full coverage of economic responsibility assessments for leaders throughout their service periods. This audit framework enables early detection, proactive prevention, and timely rectification of potential integrity practice violations. The Company maintains rigorous oversight of corrective action implementation to ensure thorough resolution of identified issues.

Strengthen the development of Party-related integrity practice

✓ The Company has intensified its oversight and monitoring of Party members' integrity practice, consistently reinforced accountability measures, and comprehensively bolstered the "three non-corruptions" mechanism;

✓ The Company continuously improved the hierarchical responsibility identification mechanism under the leadership of the Accountability Committee, continuously optimized the process of the employee violation accountability mechanism, and severely investigated and punished employees' violations of regulations.

Promote integrity practice and anti-corruption training

✓ The Company has established the "Galaxy Classroom" platform and launched the "Clean Galaxy" initiative, implementing comprehensive integrity practice and anti-corruption training programs that encompass all personnel, including directors, supervisors, senior management, employees, securities brokers, and outsourcing employees.

✓ The Company conducted clean and honest professional practice training for the institutional business line, interpreted the relevant regulations on clean and honest professional practice for securities practitioners, and shared warning cases.



Integrity-themed activities of the institutional business line

The Company has formulated the *Measures for Discipline Inspection Institutions to Handle Prosecution and Charges*, the *Measures for the Administration of Letters and Visits*, and the *Measures for the Administration of Complaints Through Letters and Visits on the Organizational and Personnel Affairs*. The Company has set up channels for complaints in the office, the Human Resources Headquarters and the Office of the Discipline Inspection Commission, and the complaints are handled by the various departments separately according to the specific issues reflected. The Company rigorously enforces its confidentiality protocols, ensuring absolute protection of whistleblower identities and the content of all prosecutions and charges. All prosecutions and charges are processed through secure channels that maintain complete anonymity, thereby safeguarding whistleblowers from any potential retaliation.

Indicators and Targets

The Company has established a comprehensive integrity practice management framework as its core integrity practice management objective, which systematically integrates integrity practice management into all operational processes. This framework encompasses robust risk prevention mechanisms, real-time monitoring systems, and follow-up review protocols, enabling effective identification and management of integrity practice-related risks. The Company is committed to fostering an enterprise-wide culture of integrity practice, thereby ensuring the thorough implementation of its integrity practice management initiatives.

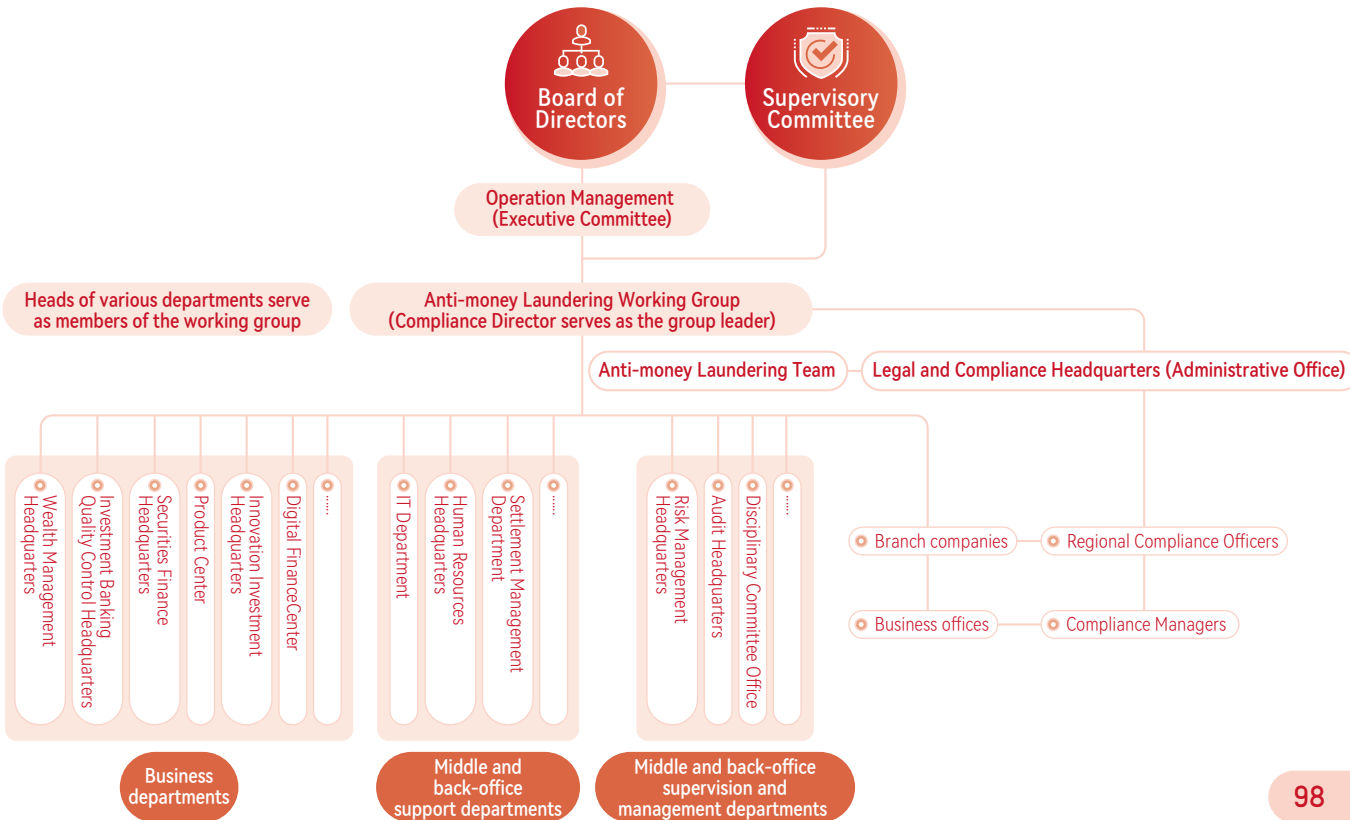
Indicators and targets of integrity practice and anti-corruption of CGS in 2024

Targets	Indicator	Completion status in 2024
The Company has established a comprehensive integrity practice management framework, which systematically integrates integrity practice management into all operational processes. This framework encompasses robust risk prevention mechanisms, real-time monitoring systems, and follow-up review protocols, enabling effective identification and management of integrity practice-related risks. The Company is committed to fostering an enterprise-wide culture of integrity practice.	The proportion of directors and employees covered by the training on integrity practice and anti-corruption	100%
	Number of corruption litigation cases filed and concluded against the Company or its employees during the reporting period	0

Anti-money laundering

China Galaxy Securities adheres to the "risk-based" management method and strictly abides by applicable laws and regulations and regulatory provisions. The Company has formulated the *Anti-money Laundering and Counter-terrorist Financing Management Regulations*, the *Measures for Risk Management of Money Laundering and Terrorist Financing*, the *Implementation Rules of Management of Customer Transaction Behaviors*, etc. The Company establishes an anti-money laundering risk management infrastructure that covers directors, supervisors, senior management, headquarters departments, branches, and domestic and overseas subsidiaries, and continuously standardizes the relevant anti-money laundering management system.

Anti-money laundering organizational structure of CGS



In 2024, the Company made significant strides in advancing its anti-money laundering activities, consistently publicizing risk management concepts and fostering a robust compliance culture about anti-money laundering. Through comprehensive anti-money laundering training programs, the Company has implemented multi-faceted anti-money laundering management, with no incidents of regulatory violations related to money laundering throughout the year.

Key anti-money laundering initiatives of CGS in 2024



Deepen anti-money laundering compliance management



Take punitive measures



Continuously strengthen anti-money laundering training

- ✓ The Company significantly enhanced its technologies, establishing robust vertical integration across headquarters and branches while fostering effective cross-departmental collaboration. This comprehensive approach enabled the successful implementation of critical anti-money laundering measures, including due diligence and money laundering risk classification.
- ✓ The Company implemented a dynamic evaluation mechanism for suspicious transaction monitoring parameters, employing a dual-channel approach that integrates automated systems with manual oversight to comprehensively monitor all business operations. This initiative ensured timely reporting of suspicious transactions to regulatory authorities, including China Anti-Money Laundering Monitoring and Analysis Center, while implementing risk control measures matched to individual customer profiles.
- ✓ The Company delivered 18 anti-money laundering training sessions aligned with evolving regulatory requirements and internal strategic priorities. Leveraging the Galaxy Classroom platform, CGS successfully conducted 2024 enterprise-wide anti-money laundering training program.
 - ✓ Specifically, the Company organized one specialized training session for the Board of Directors, Supervisory Committee, operation management, and members of the leading group for anti-money laundering work.
 - ✓ The Company conducted 11 targeted specialized training sessions tailored to the whole staff, including new hires, anti-money laundering specialists, and business operation personnel. These sessions focused on critical areas like suspicious transaction monitoring and analysis, as well as customer due diligence.
 - ✓ The Company facilitated the participation of headquarters-based anti-money laundering specialists in four specialized training programs conducted by the Anti-Money Laundering Bureau of the People's Bank of China, the Securities Association of Beijing, China Financial Publishing House, etc.



case

The Company launched the "anti-money laundering, protecting rights and interests and preventing risks" centralized publicity month activities

In November 2024, the Company organized its subsidiaries, branches and business departments at headquarters to carry out centralized publicity month activities under the theme of "anti-money laundering, protecting rights and interests and preventing risks." The Company strategically disseminated critical anti-money laundering information across multiple platforms, including the Investor Education Base website, Galaxy Securities Service official accounts, and Weibo. This initiative featured comprehensive content covering money laundering cases in securities operations and updates on the revised *Anti-money Laundering Law*.



"Anti-money laundering, protecting rights and interests and preventing risks" centralized publicity month activities

5.6 Anti- unfair competition

China Galaxy Securities maintains a zero-tolerance policy towards all forms of unfair competitive practices, strictly prohibiting the acquisition of improper advantages through deceptive advertising, commercial disparagement, price manipulation, or any other unethical business tactics. The Company is committed to advancing intellectual property protection and implementing responsible marketing strategies, thereby fostering and preserving an equitable market competition landscape.

Intellectual property protection

The Company has strictly abode by the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China* and other relevant laws and regulations and formulated the *Implementation Rules of Management of We Media*, the *Implementation Rules of Quality Review of Securities Research Reports*, *Implementation Rules for the Management of Investment Value Research Reports*, and *Implementation Rules for Publishing and Interpreting Securities Research Reports Using Internet Tools*, to standardize the management and protection of the intellectual property of the Company. In 2024, there were no major litigation cases in respect of intellectual property rights in the Company.

Main initiatives for intellectual property protection of CGS in 2024

Avoid infringing others' intellectual property rights

- ✓ Publicize the use of genuine software to employees.
- ✓ Do not use others' enterprise names or trademark names that have been registered in China, or harm the state, society or public interests.
- ✓ Never copy other people's works, papers or research results of other securities analysts in preparing securities research reports, and give notes when quoting other people's works, papers or research results.
- ✓ Reproduce others' content with clear marks or authorization.
- ✓ Without authorization, do not freely use "materials" from the Internet or other channels, including but not limited to text (including special fonts), pictures, art, photography, music, and film works, for which the Company does not have the corresponding intellectual property rights or the right to use.

Protect the Company's own intellectual property rights

- ✓ Set up a professional team and take the initiative to register trademarks.
- ✓ Require the addition of intellectual property attribution clauses when signing service contracts with intermediaries.

Responsible marketing

China Galaxy Securities has implemented responsible marketing philosophies primarily through its investor suitability management and marketing management. The Company rigorously adheres to regulatory requirements, including the *Securities Brokerage Business Administration Measures*, *Investor Suitability Management Measures for Securities and Futures*, and the *Provisions on Financial Product Distribution by Securities Companies*. In compliance with these regulations, CGS has developed relevant management systems for responsible marketing, encompassing the *Investor Suitability Management Measures*, *Wealth Management Business Marketing Guidelines*, and *Rules for the Implementation of the Marketing and Publicity Management of the Custodianship and Fund Service Business*. These systems standardize the work of responsible marketing, ensuring that there are systems to rely on, rules to abide by, and an orderly process to follow. They safeguard the legitimate rights and interests of investors and promote the healthy and stable development of the business.

In 2024, the Company enhanced its investor suitability management obligations through three strategic aspects: evaluating and promoting industry standard implementation effectiveness, advancing digital platform development, and optimizing continuous management processes.

Key responsible marketing initiatives of CGS in 2024

Standard implementation assessment and promotion

- ✓ The Company actively responded to the requirements of national standardization work and participated in the work of the National Standardization Administration among the six authorities in exploring and carrying out the assessment of the implementation effect of standards in some key areas.
- ✓ The Company actively participated in the "Standards in Practice" industry activities, delivering presentations and fully implementing the training, learning and promotion of industry standards.

Digital platform establishment

- ✓ The inaugural phase of the Investor Suitability Management Platform was successfully deployed, supporting integrated investor classification, quantitative analysis of ongoing risk assessments, product/service rating tracking, and continuous suitability matching monitoring with early warning capabilities, thereby achieving centralized multi-functional management.

Continuous management optimization

- ✓ Through business process reengineering, enhanced platform-based internal controls with intelligent system integration, and upgraded brokerage operations and professional conduct management, CGS has implemented continuous optimization across all critical touchpoints, including investor classification, product/service categorization, and suitability matching processes.

ESG Data Sheet and Notes

CHINA GALAXY SECURITIES >>>>>>>>

Economic performance

Economic data sheet

Indicator	Unit	2022	2023	2024
Total main business revenue	RMB	33,641,993,399.99	33,644,082,792.61	35,471,202,541.44
Total profit	RMB	7,970,866,785.38	8,133,648,494.72	10,518,630,296.62
Total assets	RMB	625,222,928,196.19	663,205,297,156.44	737,470,691,457.89
Basic earnings per share	RMB	0.70	0.67	0.81
Social contribution per share ¹	RMB	2.48	2.39	2.53

Note 1: Social contribution per share =Basic earnings per share + (Tax revenue generated for the country during the year + Wages paid to employees + Loan interest paid to banks and other creditors + External donation and other value created for other stakeholders - Other social costs caused by environmental pollution, etc.) / Total number of shares issued by the Company

Environmental performance

Waste management data sheet¹

Indicator		Unit	2022	2023	2024
Hazardous waste	Quantity of discarded electronic products	piece	0	510 ²	1,501
Total non-hazardous waste generation		ton	83.02	93.01	1,042.65
non-hazardous waste generation per person		ton/person	—	—	0.07
Non-hazardous waste ³	Toner cartridges	ton	0.5	0.4	3.74
	Ink cartridges ⁴	piece	113	83	—
		ton	—	—	1.79
	Office paper	ton	16.16	17.36	60.06
	Kitchen waste	ton	33.36	31.25	80.17
	Domestic waste	ton	33.00	44.00	896.89

Note 1: In 2024, the statistical scope of waste management data was expanded from the headquarters of China Galaxy Securities to align with the consolidated financial statements of China Galaxy Securities, resulting in an overall increase in waste generation.

Note 2: In 2023, the Company processed a large number of obsolete computers from both the current and previous years, resulting in an increase in the amount produced.

Note 3: The amount of toner cartridges and office paper waste were estimated according to the purchase volume of China Galaxy Securities headquarters. In 2022 and 2023, the amount of kitchen waste and household waste was estimated according to the property garbage clearance volume of China Galaxy Securities headquarters.

Note 4: In 2024, the statistical unit for toner cartridges was changed to metric tons.

Greenhouse gas emissions and energy use data sheet¹

Indicator	Unit	2022	2023	2024
Total GHG emissions (Scope 1 and Scope 2)	ton of CO ₂ equivalent	18,996.27	21,099.45	17,642.66
Scope 1 GHG emissions ²	ton of CO ₂ equivalent	652.07	861.16	658.08
Scope 2 GHG emissions ³	ton of CO ₂ equivalent	18,344.20	20,238.29	16,984.59
Per capita GHG emissions (Scope 1 and Scope 2)	ton of CO ₂ equivalent/person	1.44	1.50	1.20
Total energy consumption	ton of coal equivalent	—	—	4,224.57
Total energy consumption per person	ton of coal equivalent/person	—	—	0.29
Direct energy consumption	ton of coal equivalent	—	—	297.79
Total natural gas consumption ⁴	m ³	44,135.93	64,071.78	62,479.06
Natural gas consumption per person	m ³ /person	3.35	4.57	4.25
Gasoline consumption of the Company's vehicles ⁵	L	202,631.38	263,361.21	186,746.77
Diesel consumption of the Company's vehicles ⁶	L	4,567.00	6,859.79	8,626.32
Liquefied petroleum gas consumption	ton	—	—	0.37
Indirect energy consumption	ton of coal equivalent	—	—	3,926.78
Total electricity consumption	MWh	32,124.29	35,716.05	31,722.56
Electricity consumption per person	MWh/person	2.44	2.55	2.16
Purchased steam consumption	GJ	—	—	89.98
Purchased hot water consumption	GJ	—	—	650.27
Total water consumption	ton	104,757.53	112,194.34	108,065.46
Water consumption per person	ton/person	7.96	8.00	7.35

Note 1: [Statistical caliber] The statistical caliber of the environmental performance data is the caliber of the consolidated financial statements of China Galaxy Securities. Total water consumption is measured based on municipal water withdrawal.

Note 2: [Calculation methodology] Scope 1 GHG sources include natural gas, liquefied petroleum gas, diesel, and gasoline consumption from company-owned vehicles. Starting from 2022, the calculation method refers to the Hong Kong Stock Exchange guidance document *How to Prepare Environmental, Social and Governance Report Appendix II: Guidelines for Reporting Environmental Key Performance Indicators* (March 25, 2022).

Note 3: Scope 2 GHG sources include purchased electricity, purchased steam, and purchased hot water. The electricity emission factor for the company's headquarters and domestic subsidiaries is calculated with reference to the Ministry of Ecology and Environment's *Announcement on the Release of the 2022 Power Carbon Dioxide Emission Factors*. For overseas subsidiaries, the calculation refers to the *CLP 2023 Sustainability Report*, the *HK Electric 2023 Sustainability Report*, and the LowCarbonPower website <https://lowcarbonpower.org/zh/>. The emission factors for purchased steam and purchased hot water are based on the *Guidelines for Greenhouse Gas Emission Accounting and Reporting for Other Industrial Enterprises (Trial)* (2015) issued by the National Development and Reform Commission of China.

Note 4,5,6: Due to the Company's full restoration of offline office in 2023, the Company's gasoline consumption, diesel consumption and natural gas consumption of its own vehicles in 2023 have increased significantly.In 2024, the Company's branches disposed of some official vehicles, resulting in a decrease in gasoline consumption of the Company's vehicles.

Social performance

Employee employment data sheet

Indicator		Unit	2022	2023	2024
Total number of employees ¹		Person	13,165	14,030	14,706
By gender	Male	Person	6,987	7,400	7,796
	Female	Person	6,178	6,630	6,910
By age	>50 years old	Person	1,666	1,689	1,722
	30-50 years old	Person	8,387	8,896	9,358
	<30 years old	Person	3,112	3,445	3,626
By region	Chinese mainland	Person	10,936	11,756	12,394
	Hong Kong, Macao, Taiwan (China) and overseas regions	Person	2,229	2,274	2,312
By education degree	Doctor	Person	108	111	116
	Master's degree	Person	3,063	3,615	3,963
	Bachelor's degree	Person	8,284	8,656	9,113
	Junior college and below	Person	1,710	1,648	1,514
Employee number of other employment types ²		Person	187	179	158
Employee turnover rate ³		%	13	13	13
Of which:					
Proportion of account managers leaving in total employees		%	6.43	7	10.4
By gender	Male	%	14.56	15.30	14.47
	Female	%	11.23	11.30	11.79
By age	>50 years old	%	9.12	6.04	6.50
	30-50 years old	%	10.02	11.14	10.72
	<30 years old	%	23.10	22.87	22.84
By region	Chinese mainland	%	12.07	12.34	12.89
	Hong Kong, Macao, Taiwan (China) and overseas	%	17.54	18.91	14.97
Number of labor discrimination cases		No.	0	0	0
Working days lost due to work-related injuries		Day	0	0	0
Investment in employee work-related injury insurance		RMB 10,000	490.48	543.62	605.32
Employee work-related injury insurance coverage rate		%	100.00	100.00	100.00

Note 1: Referring to the total number of full-time labor contract employees of China Galaxy Securities as of the end of the reporting period. The statistical scope encompasses China Galaxy Securities' headquarters and all its branches and subsidiaries.

Note 2: Employees of other employment types mainly include labor dispatch workers.

Note 3: [Calculation method] Turnover rate of a particular type of staff = loss number of such type of staff during the year / number of such type of staff at the end of the year. The calculation of the Company's employee turnover rate includes the number of account managers who left the Company.

Employee training data sheet

Indicator		Unit	2022	2023	2024
Total expenditure on employee training		RMB 10,000	506.67	1,858.34	1,530.10
Training participants of employees		Person-time	23,793	560,044	397,288
Of which:					
Coordinated training at the company level	Session		30	211	53
	Person-time		4,691	162,031	163,021
Training at the business department level	Session		30	1,234	781
	Person-time		19,102	398,013	234,267
Total employee training hours		10,000 hours	23.97	80.07	81.42
Employee training coverage		%	86.54	100.00	100.00
By gender	Male employees	%	86.25	100.00	100.00
	Female employees	%	86.87	100.00	100.00
Average number of hours of training per employee per year for all employees		Hour	17.54	57.07	55.37
By gender	Male employees	Hour	18.04	57.07	55.37
	Female employees	Hour	16.99	57.07	55.37

Note: The data statistical standard is the same as the consolidated financial statements of China Galaxy Securities. In 2022, all training activities were conducted online. From 2023, both online and offline trainings were carried out simultaneously, and the number of training sessions and the total training hours increased compared with those in 2022.

Customer service data sheet

Indicator		Unit	2022	2023	2024
Number of complaints received about products and services		No.	382	402	675
Complaint handling rate		%	100.00	100.00	100.00
Complaint handling completion rate		%	99.74	100.00	100.00
Satisfaction rate of customer complaint (opinions) handling		%	83.87	85.21	85.15
Satisfaction rate of new customer follow-up visits		%	99.18	99.16	98.83
Number of incidents of violation of regulations regarding customer privacy protection		No.	0	0	0

Supplier management data sheet

Indicator		Unit	2022	2023	2024
Total number of suppliers		No.	202	234	385
By region	Number of suppliers in Chinese mainland	No.	—	—	376
	Number of suppliers from Hong Kong, Macao, Taiwan (China) and overseas	No.	—	—	9

Innovation drive data sheet

Indicator		Unit	2024
Information system investment		RMB 100 million	13.63
Proportion of information system investment in main business revenue		%	3.84
Number of IT R&D personnel		Person	278
Proportion of IT R&D personnel		%	1.89
Number of patents and software copyrights held		No.	20

Community investment data sheet

Indicator		Unit	2022	2023	2024
Number of employee volunteering service attendances		Person-time	5,437	4,800	6,912
Total hours of volunteering services that employees participated in		Hour	9,024	620	2,918
Total investment in external donations		RMB 10,000	741.50	1,140.17	1,269.65
Investment in rural revitalization		RMB 10,000	650	962	1,202.96
Number of people benefited by rural revitalization ¹		Person	60,000	98,000	120,000

Note 1: The number of people benefited by rural revitalization is the Company's estimate.

Corporate governance performance

Business conduct data sheet

Indicator		Unit	2024
Number of directors covered by integrity practice and anti-corruption training ¹		Person	9
Number of management employees covered by integrity practice and anti-corruption training ¹		Person	762
Number of employees covered by integrity practice and anti-corruption training ¹		Person	14,706
Proportion of directors covered by integrity practice and anti-corruption training		%	100.00 ²
Proportion of management employees covered by integrity practice and anti-corruption training		%	100.00
Proportion of employees covered by integrity practice and anti-corruption training		%	100.00
Number of corruption litigation cases filed and concluded against the Company or its employees during the reporting period		No.	0 ³
Number of litigations or significant administrative penalties resulting from the Company's unfair competition behavior during the reporting period		No.	0

Note 1: The number of persons covered by the Company's integrity practice and anti-corruption training in 2022 and 2023 was counted by combining directors, management and employees, totaling 10,470 in 2022 and 10,189 in 2023, and separate counting was conducted starting from 2024.

Note 2: In 2024, the Company conducted a training on integrity practice and anti-corruption ,covering all of its directors at the time (9 directors). After the training, one additional director was appointed within the same year, so the proportion of directors covered by integrity practice and anti-corruption training is 100%.

Note 3: In 2024, there was no corruption litigation cases filed and concluded against the Company or its employees. As a subsequent event, in 2025, one branch manager is under investigation for related matters. The Company will continue to strengthen compliance management and integrity education to enhance risk prevention capabilities.

Report Index

CHINA GALAXY SECURITIES >>>>>>>>

Index to the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial)*

Disclosure requirement	Location
Climate change tackling	Climate change tackling ESG data sheet and notes
Pollutant discharge Waste disposal	The financial sector in which the Company operates mainly involves office operations, and the overall impact and risk is relatively small, so the relevant content is disclosed the "Green operation" section and "ESG data sheet and notes" section.
Ecosystem and biodiversity protection	Contributions to the society (the Company's operations do not have a significant impact on the ecosystem, but the Company carries out relevant public welfare activities to fulfill its responsibility for ecological protection, which is disclosed in the "Contributions to the society" section and "ESG data sheet and notes" section)
Environmental compliance management Energy usage Usage of water resources Circular economy	The financial sector in which the Company operates mainly involves office operations, and the overall impact and risk is relatively small, so the relevant content is disclosed the "Green operation" section and "ESG data sheet and notes" section.
Rural revitalization	Promoting rural revitalization ESG data sheet and notes
Contributions to the society	Contributions to the society ESG data sheet and notes
Innovation-driven	Fintech application ESG data sheet and notes
Ethics of science and technology	As a financial entity, the Company currently does not engage in scientific research or technological development activities in ethically sensitive fields such as life sciences or artificial intelligence.
Supply chain security	As a financial entity, the Company operates with relatively limited exposure to supply chain security concerns. Relevant information regarding supplier sustainability management has been disclosed in the "Supplier management" section "and ESG data sheet and notes" section.
Equal treatment to small and medium-sized enterprises	As of the end of 2024, the balance of accounts payable (including notes payable) did not exceed RMB 30 billion or account for more than 50% of total assets.
Safety and quality of products and services	Customer service quality Feature: Keeping Pace with the Times and Taking on the Mission of Serving China's Building into a Financial Power (including inclusive finance) ESG data sheet and notes
Data security and customer privacy protection	Information safety and customer privacy protection

Disclosure requirement	Location
Employees	Human capital development ESG data sheet and notes
Due diligence	Materiality assessment ESG risk management in investment and financing
Communications with stakeholders	Materiality assessment
Anti-commercial bribery and anti-corruption	Business conduct ESG data sheet and notes
Anti- unfair competition	Anti- unfair competition
Self-identification issues	Location
Green finance	Green finance
ESG risk management in investment and financing	ESG risk management in investment and financing
Serving national strategies	Feature: Keeping Pace with the Times and Taking on the Mission of Serving China's Building into a Financial Power
Responsible investment	Responsible investment
Investor education	Investor education
Corporate governance	Corporate governance
Industry culture building	Industry culture building
Comprehensive risk management	Comprehensive risk management
Compliant operation	Compliant operation

Index to the *Environmental, Social and Governance Reporting Code* of the HKEX

Aspects, General Disclosures and KPIs		Location
Part B: Mandatory Disclosure Requirements		
Governance Structure	ESG Statement from the Board Strengthening Sustainability Management of CGS	
Reporting Principles	About this Report	
Reporting Scope	About this Report	
Part C: "Comply or explain" Provisions		
Subject Area A. Environmental		
Aspect A1: Emissions		
General Disclosure A1	Green operation	
KPI A1.1	ESG data sheet and notes	
KPI A1.2(Repealed 1 January 2025)	ESG data sheet and notes	
KPI A1.3	ESG data sheet and notes	
KPI A1.4	ESG data sheet and notes	
KPI A1.5	Green operation	
KPI A1.6	Green operation	
Aspect A2: Use of Resources		
General Disclosure A2	Green operation	
KPI A2.1	ESG data sheet and notes	
KPI A2.2	ESG data sheet and notes	
KPI A2.3	Green operation	
KPI A2.4	Green operation	
KPI A2.5	The Company's products are only financial products, and this index is not applicable	
Aspect A3: The Environment and Natural Resources		
General Disclosure A3	Green operation	
KPI A3.1	Green operation	
Aspect A4: Climate Change		
General Disclosure A4(Repealed 1 January 2025)	Climate change tackling	
KPI A4.1(Repealed 1 January 2025)	Climate change tackling	
Subject Area B. Social Employment and Labor Practices		
Aspect B1: Employment		
General Disclosure B1	Human capital development	
KPI B1.1	ESG data sheet and notes	
KPI B1.2	ESG data sheet and notes	
Aspect B2: Health and Safety		
General Disclosure B2	Human capital development	
KPI B2.1	ESG data sheet and notes	
KPI B2.2	ESG data sheet and notes	
KPI B2.3	Human capital development	

Aspect B3: Development and Training	
General Disclosure B3	Human capital development
KPI B3.1	ESG data sheet and notes
KPI B3.2	ESG data sheet and notes
Aspect B4: Labor Standards	
General Disclosure B4	Human capital development
KPI B4.1	Human capital development
KPI B4.2	Human capital development
Subject Area B. Social Operating Practices	
Aspect B5: Supply Chain Management	
General Disclosure B5	Supplier management
KPI B5.1	Supplier management
KPI B5.2	Supplier management
KPI B5.3	Supplier management
KPI B5.4	Supplier management
Aspect B6: Product Responsibility	
General Disclosure B6	Customer service quality
KPI B6.1	The Company's products are only financial products and do not involve product recycling
KPI B6.2	Customer service quality ESG data sheet and notes
KPI B6.3	Anti- unfair competition
KPI B6.4	The Company's products are only financial products and do not involve product recycling
KPI B6.5	Information safety and customer privacy protection
Aspect B7: Anti-corruption	
General Disclosure B7	Business conduct
KPI B7.1	Business conduct
KPI B7.2	Business conduct
KPI B7.3	Business conduct
Aspect B8: Community Investment	
General Disclosure B8	Promoting rural revitalization Contributions to the society
KPI B8.1	Promoting rural revitalization Contributions to the society ESG data sheet and notes
KPI B8.2	Promoting rural revitalization Contributions to the society ESG data sheet and notes

Part D: Climate-related Disclosure	
While the specific disclosure requirements in the part have not yet reached mandatory reporting phase, the Company has already disclosed the implemented climate management practices in the "Climate change tackling" section, and has disclosed the GHG emission data in the "ESG data sheet and notes" section.	

GRI Content Index

Statement of use	CGS has prepared this report with reference to GRI standards for the reporting period from January 1, 2024 to December 31, 2024	
GRI 1 used	GRI 1: Foundation 2021	
GRI Standard	Disclosure	Location
GRI 2: General Disclosures (2021)	2-1	About Us
	2-2	About this Report
	2-3	About this Report
	2-4	About this Report
	2-5	Third-Party Independent Assurance Report
	2-6	About Us
	2-7	Human capital development ESG data sheet and notes
	2-8	Human capital development ESG data sheet and notes
	2-9	Corporate governance
	2-12	Strengthening Sustainability Management of CGS
	2-13	Strengthening Sustainability Management of CGS
	2-14	ESG Statement from the Board Strengthening Sustainability Management of CGS
	2-16	Materiality assessment
	2-17	Strengthening ESG Management of CGS
	2-18	China Galaxy Securities Co., Ltd. 2024 Annual Report
	2-22	ESG Statement from the Board
	2-27	Compliant operation
	2-29	Materiality assessment
GRI 3: Material Topics 2021	3-1	Materiality assessment
	3-2	Materiality assessment
	3-3	Materiality assessment
GRI 201: Economic Performance 2016	201-1	ESG data sheet and notes
	201-2	Climate change tackling
GRI 203: Indirect Economic Impacts 2016	203-1	Feature: Keeping Pace with the Times and Taking on the Mission of Serving China's Building into a Financial Power
	203-2	Feature: Keeping Pace with the Times and Taking on the Mission of Serving China's Building into a Financial Power Promoting rural revitalization Contributions to the society
GRI 205: Anti-corruption 2016	205-1	Business conduct
	205-2	Business conduct
	205-3	ESG data sheet and notes

GRI Standard	Disclosure	Location
GRI 302: Energy 2016	302-1	ESG data sheet and notes
	302-2	ESG data sheet and notes
	302-3	ESG data sheet and notes
	302-4	ESG data sheet and notes
GRI 303: Water and Effluents 2018	303-5	ESG data sheet and notes
GRI 305: Emissions 2016	305-1	ESG data sheet and notes
	305-2	ESG data sheet and notes
	305-4	ESG data sheet and notes
GRI 306: Waste 2020	306-1	Green operation
	306-2	Green operation
	306-3	Green operation ESG data sheet and notes
GRI 308: Supplier Environmental Assessment 2016	308-1	Supplier management
	308-2	Supplier management
GRI 401: Employment 2016	401-1	ESG data sheet and notes
	401-2	Human capital development
	401-3	Human capital development
GRI 403: Occupational Health and Safety 2018	403-3	Human capital development
	403-4	Human capital development
	403-5	Human capital development
	403-6	Human capital development
GRI 404: Training and Education 2016	404-1	VESG data sheet and notes
	404-2	Human capital development
GRI 405: Diversity and Equal Opportunity 2016	405-1	Corporate governance Human capital development
GRI 406: Non-discrimination 2016	406-1	Human capital development
GRI 414: Supplier Social Assessment 2016	414-1	Supplier management
	414-2	Supplier management
GRI 417: Marketing and Labeling 2016	417-1	Anti- unfair competition
	417-2	Anti- unfair competition
	417-3	Anti- unfair competition
GRI 418: Customer Privacy 2016	418-1	Information safety and customer privacy protection



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Independent assurance report

安永华明（2025）专字第70074858_A08号
China Galaxy Securities Co., Ltd.

To the Board of Directors of China Galaxy Securities Co., Ltd.

Scope

We have been engaged by China Galaxy Securities Co., Ltd. ("China Galaxy Securities" or the Company) to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the selected data as at 31 December 2024 and for the year then ended 31 December 2024 in the 2024 Sustainability & Environmental, Social and Governance Report of China Galaxy Securities (the "Sustainability Report") .

Selected data

The selected data in the Sustainability Report for 2024 that is covered by this report is as follows:

- Number of Directors (person)
- Number of female Directors at the Board level (person)
- Number of Board of Directors meetings (No.)
- Number of Supervisory Committee meetings (No.)
- Number of general meetings (No.)
- Sessions of anti-money laundering training (No.)
- Number of directors covered by integrity practice and anti-corruption training (person)
- Total number of suppliers (No.)
- Social contribution per share (RMB)
- Total GHG emissions (Scope 1 and Scope 2) (ton of CO₂ equivalent)
- Scope 1 GHG emissions (ton of CO₂ equivalent)
- Scope 2 GHG emissions (ton of CO₂ equivalent)
- Per capita GHG emissions (Scope 1 and Scope 2) (ton of CO₂ equivalent/person)
- Total natural gas consumption (m³)
- Natural gas consumption per person (m³/person)
- Gasoline consumption of the Company's vehicles (L)
- Diesel consumption of the Company's vehicles (L)
- Total electricity consumption (MWh)
- Electricity consumption per person (MWh/person)
- Total water consumption (ton)
- Water consumption per person (ton/person)
- Total number of employees (person)
- Total number of male employees (person)
- Total number of female employees (person)
- Employee turnover rate (%)
- Proportion of account managers leaving in total employees (%)
- Turnover rate of male employees (%)
- Turnover rate of female employees (%)
- Training participants of employees (attendance)
- Total employee training hours (10,000 hours)
- Employee training coverage (%)
- Number of complaints received about products and services (No.)
- Complaint handling rate (%)
- Complaint handling completion rate (%)



Independent assurance report

安永华明（2025）专字第70074858_A08号
China Galaxy Securities Co., Ltd.

Our assurance was with respect to the selected data as at 31 December 2024 and for the year then ended only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2024 Sustainability Report.

Criteria applied by China Galaxy Securities

The criteria used by China Galaxy Securities to prepare the selected data in the 2024 Sustainability Report are set out in the basis of reporting of the selected data (the "Basis of Reporting ") in the accompanying the *Appendix: Basis of Reporting*.

China Galaxy Securities' responsibilities

China Galaxy Securities' management is responsible for selecting the basis of reporting, and for presenting the selected data in accordance with the basis of reporting within the 2024 Sustainability Report, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the selected data, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the selected data as at 31 December 2024 and for the year then ended in the 2024 Sustainability Report based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ('ISAE 3000 (Revised)'). The standard requires that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the selected data in the 2024 Sustainability Report in order for it to be in accordance with the basis of reporting, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.



Independent assurance report

安永华明（2025）专字第70074858_A08号
China Galaxy Securities Co., Ltd.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires that we design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the selected data in the Sustainability Report and related information, and applying analytical and other appropriate procedures.

Our work was performed at the Head Office of China Galaxy Securities, which included:

- 1) Conducted interviews with personnel to understand the business and reporting process;
- 2) Conducted interviews with key personnel to understand the process for collecting, collating and reporting the selected data during the reporting period;
- 3) Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the *Appendix: Basis of Reporting*;
- 4) Undertook analytical procedures of the data and made inquiries of management to obtain explanations for any significant differences we identified;
- 5) Tested, on a sample basis, underlying source information to check the accuracy of the data; and
- 6) Other procedures deemed necessary.



Independent assurance report

安永华明（2025）专字第70074858_A08号
China Galaxy Securities Co., Ltd.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the selected data as at 31 December 2024 and for the year then ended in the 2024 Sustainability Report, in order for it to be in accordance with the Basis of Reporting.

Restricted use

Our report has been prepared for and only for the board of directors of the China Galaxy Securities and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.


Ernst & Young Hua Ming LLP
26 March 2025
Beijing, China

Appendix: Basis of Reporting

Number of Directors (person):

The term disclosed herein refers to the number of directors of the board of China Galaxy Securities as of the reporting date.

Number of female Directors at the Board level (person):

The term disclosed herein refers to the number of female directors of the board of China Galaxy Securities as of the reporting date. It is determined according to the list of directors, supervisors and senior managers disclosed in 2024 Annual Report of China Galaxy Securities, by counting persons with title of director and with gender of female in the list.

Number of Board of Directors meetings (No.):

The term disclosed herein refers to the total number of board meetings during the reporting period. It is determined according to the list of board meetings disclosed in 2024 Annual Report of China Galaxy Securities.

Number of Supervisory Committee meetings (No.):

The term disclosed herein refers to the total number of supervisory committee meetings during the reporting period. It is determined according to the list of supervisory committee meetings disclosed in 2024 Annual Report of China Galaxy Securities.

Number of general meetings (No.):

The term disclosed herein refers to the total number of General Meeting during the reporting period disclosed in 2024 Annual Report of China Galaxy Securities.

Sessions of anti-money laundering training (No.):

The term disclosed herein refers to anti-money laundering training sessions for directors, supervisors, all employees, new employees, personnel in anti-money laundering positions, auditors, business personnel, etc. according to the *Anti-Money Laundering of the People's Republic of China, Regulations on Anti-Money Laundering of Financial Institutions, special anti-money laundering and Anti-Terrorism Financing Management System* of China Galaxy Securities and *special anti-money laundering system* of business lines of China Galaxy Securities. The scope of statistics includes headquarters and all subsidiaries.

Number of directors covered by integrity practice and anti-corruption training (person):

The term refers to the number of directors covered by China Galaxy Securities through the online training platform Galaxy Academy and offline training courses during the reporting period, in accordance with the requirements of the *Regulations on the Integrity of Securities and Futures Operating Institutions and Their Staff* and the *Implementation Rules for the Integrity of Securities Operating Institutions and Their Staff*. The statistical caliber is China Galaxy Securities headquarters and all subsidiaries.

Total number of suppliers (No.):

The term disclosed herein refers to the total number of suppliers involved in the procurement of China Galaxy Securities according to the *Government Procurement Law of the People's Republic of China, the Law of the People's Republic of China on Tendering and Bidding, the Basic Measures for Procurement Management of China Galaxy Securities Co., Ltd.* and the *Centralized Procurement Management Measures of China Galaxy Securities Co., Ltd.*, etc. as of the end of reporting period. The scope of statistics includes headquarters and all subsidiaries.

Social contribution per share (RMB):

The term disclosed herein refers to the value-added per share created for the society calculated based on the basic earnings per share created by the Bank for shareholders, adding the value created by the Bank for other stakeholders during the reporting period, such as taxes paid by the Bank for the state, wages paid to employees, loan interest paid to creditors and total external donations, and deducting other costs derived from environmental pollution according with

Shanghai Stock Exchange Self-Regulatory Rules for Listed Companies Guidelines No. 1 by the end of the reporting period. The scope of statistics includes headquarters and all subsidiaries.

Total GHG emissions (Scope 1 and Scope 2) (ton of CO₂ equivalent):

The term disclosed herein refers to the sum of greenhouse gas emissions (Scope 1) and greenhouse gas emissions (Scope 2) during the reporting period. The scope of statistics includes headquarters and all subsidiaries.

Scope 1 GHG emissions (ton of CO₂ equivalent):

The term disclosed herein refers to the greenhouse gas emissions of China Galaxy Securities from the consumption of natural gas, liquefied petroleum gas, owned vehicle diesel and owned vehicle gasoline during the reporting period. The accounting standard is the Hong Kong Stock Exchange guideline *How to prepare for environmental, social and governance reporting - appendix 2: environmental key performance indicators reporting guidelines* and the *Notice on Issuing the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions by Enterprises - Power Generation Facilities and the Technical Guidelines for Verification of Greenhouse Gas Emissions by Enterprises - Power Generation Facilities* issued by the Ministry of Ecology and Environment. The scope of statistics includes headquarters and all subsidiaries.

Scope 2 GHG emissions (ton of CO₂ equivalent):

The term disclosed herein refers to the greenhouse gas emissions of China Galaxy Securities from the purchased electricity, steam and hot water during the reporting period. For the calculation of power emission factors of the company's headquarters and domestic molecular companies, refer to the *Notice on the Announcement on the Release of 2022 Electricity CO₂ Emission Factors* issued by the Ministry of Ecology and Environment. And for the calculation of overseas subsidiary, refer to the *How to prepare for environmental, social and governance reporting - appendix 2: environmental key performance indicators reporting guidelines* and the website <https://lowcarbonpower.org/zh/>. Emission factors for purchased steam and purchased hot water refer to the *Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions for Enterprises in Other Industrial Sectors (Trial)* issued by the National Development and Reform Commission of the People's Republic of China (2015). The scope of statistics includes headquarters and all subsidiaries.

Per capita GHG emissions (Scope 1 and Scope 2) (ton of CO₂ equivalent/person):

The term disclosed herein refers to the data obtained by dividing the total greenhouse gas emissions (Scope 1 and Scope 2) by the total number of employees (refer to the KPI: number of employees) at the end of the report period. The scope of statistics includes headquarters and all subsidiaries.

Total natural gas consumption (m³):

The term disclosed herein refers to the total amount of natural gas consumed by China Galaxy Securities during the reporting period. The scope of statistics includes headquarters and all subsidiaries. It is calculated basing on natural gas consumption amount based on the invoices from the suppliers during the reporting period.

Natural gas consumption per person (m³/person):

The term disclosed herein refers to the data obtained by dividing the total natural gas consumption by the total number of employees. The scope of statistics includes headquarters and all subsidiaries.

Gasoline consumption of the Company's vehicles (L):

The term disclosed herein refers to the gasoline consumption of China Galaxy Securities owned vehicles during the reporting period. The scope of statistics includes headquarters and all subsidiaries. It is calculated based on the petrol consumption amount on the invoices from the suppliers during the reporting period.

Diesel consumption of the Company's vehicles (L):

The term disclosed herein refers to the diesel consumption of China Galaxy Securities owned vehicles during the reporting period. The scope of statistics includes headquarters and all subsidiaries. It is calculated based on the diesel consumption amount on the invoices from the suppliers during the reporting period.

Total electricity consumption (MWh):

The term disclosed herein refers to the total amount of electricity purchased by China Galaxy Securities during the reporting period. The scope of statistics includes headquarters and all subsidiaries.

Electricity consumption per person (MWh/person):

The term disclosed herein refers to the data obtained by dividing the total electricity consumption by the total number of employees. The scope of statistics includes headquarters and all subsidiaries.

Total water consumption (ton):

The term disclosed herein refers to the total water consumption of China Galaxy Securities during the reporting period. The scope of statistics includes headquarters and all subsidiaries.

Water consumption per person (ton/person):

The term disclosed herein refers to the data obtained by dividing the total water consumption by the total number of employees. The scope of statistics includes headquarters and all subsidiaries.

Total number of employees (person):

The term disclosed herein refers to the total number of full-time contract employees of China Galaxy Securities by the end of the reporting period according to the record of the company's human resource management system. The scope of statistics includes headquarters and all subsidiaries.

Total number of male employees (person):

The term disclosed herein refers to the total number of male full-time contract employees of China Galaxy Securities according to the record of the company's human resource management system based on the official identification document of the employee at the end of the reporting period. The scope of statistics includes headquarters and all subsidiaries.

Total number of female employees (person):

The term disclosed herein refers to the total number of female full-time contract employees of China Galaxy Securities according to the record of the company's human resource management system based on the official identification document of the employee by the end of the reporting period. The scope of statistics includes headquarters and all subsidiaries.

Employee turnover rate (%):

The term disclosed herein refers to the proportion of the total number of employees who terminated labor contract with the company according to the record of the company's Human resource management system during the reporting period to the total number of employees. The scope of statistics includes headquarters and all subsidiaries.

Proportion of account managers leaving in total employees (%):

The term disclosed herein refers to the proportion of the total number of account managers who quit the company during the reporting period to the total number of employees at the end of the reporting period. The scope of statistics includes headquarters and all subsidiaries.

Turnover rate of male employees (%):

The term disclosed herein refers to the proportion of the total number of male employees who quit during the reporting period to the total number of male employees at the end of the reporting period. The scope of statistics includes headquarters and all subsidiaries.

Turnover rate of female employees (%):

The term disclosed herein refers to the proportion of the total number of female employees who quit during the reporting period to the total number of female employees at the end of the reporting period. The scope of statistics includes headquarters and all subsidiaries.

Training participants of employees (attendance):

The term disclosed herein refers to the total number of contract employees participating in the online "Galaxy School" and offline training courses of China Galaxy Securities. The scope of statistics includes headquarters and all subsidiaries.

Total employee training hours (10,000 hours):

The term disclosed herein refers to the total duration of China Galaxy Securities' online Galaxy School" and offline training courses provided to contract employees during the reporting period.

Employee training coverage (%):

The terms disclosed herein refer to the ratio of contract employees covered by China Galaxy Securities' online Galaxy School" and offline training courses during the reporting period. The scope of statistics includes headquarters and all subsidiaries.

Number of complaints received about products and services (No.):

The term disclosed herein refers to the number of complaints received about products and services received by the Customer Contact Centre of China Galaxy Securities during the reporting period. The number of complaints is measured in accordance with *China Securities Regulatory Commission's Provisions on Strengthening the Management of the Securities Brokerage Business issued in 2010*.

Complaint handling rate (%):

The term disclosed herein refers to the ratio of the number of complaints resolved by the Customer Contact Centre of China Galaxy Securities to the number of complaints received about products and services during the reporting period. The number of complaints is measured in accordance with *China Securities Regulatory Commission's Provisions on Strengthening the Management of the Securities Brokerage Business issued in 2010*.

Complaint handling completion rate (%):

The term disclosed herein refers to the ratio of the number of complaints completed to the number of complaints received by the Customer Contact Centre of China Galaxy Securities by the end of the reporting period.



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