



**东方证券**  
— D F Z Q —

*(A joint stock company incorporated in the People's Republic of China  
with limited liability under the Chinese corporate name "东方证券股份有限公司"  
and carrying on business in Hong Kong as "東方證券" (in Chinese) and "DFZQ" (in English))*

Stock code: 03958



# 2023 Annual Report

## Important Notice

- I. The Board, the Supervisory Committee and its Directors, Supervisors and senior management warrant that the information contained herein is true, accurate and complete and there are no false representations, misleading statements contained in or material omissions from this annual report, and severally and jointly accept legal liability.
- II. This report was considered and approved at the 33rd meeting of the fifth session of the Board and the 19th meeting of the fifth session of the Supervisory Committee of the Company. No Director or Supervisor has raised any objection to this report.
- III. The 2023 annual financial report of the Company, prepared in accordance with the China Accounting Standards for Business Enterprises (“CASBE”) and the International Financial Reporting Standards (“IFRS”), was audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu respectively, who each issued a standard unqualified audit report to the Company. Unless otherwise stated, all data included in this report are denominated in RMB.
- IV. Mr. Jin Wenzhong, the chairman of the Company, Mr. Shu Hong, the person-in-charge of accounting work, and Mr. You Wenjie, the person-in-charge of the accounting department (head of the accounting department), warrant the truthfulness, accuracy and completeness of the financial report set out in the annual report.
- V. Proposal on Profit Distribution or Proposal on Transfer of Capital Reserve Fund into Share Capital during the Reporting Period as approved by the Board

The 2023 profit distribution plan of the Company: Based on the total share capital of the Company as at the record date for the dividend distribution, a cash dividend of RMB1.5 (inclusive of tax) for every 10 shares will be distributed to A Shareholders and H Shareholders whose names appear on the register of members on the record date for the dividend distribution.

According to the relevant provisions of the Guidelines of Self-regulation of Companies Listed on the Shanghai Stock Exchange No. 7 – Repurchase of Shares and other relevant regulations, the A Shares in the Company’s designated securities account for repurchase of the Company shall not be entitled to dividend distribution. Based on the Company’s total share capital of 8,496,645,292 shares as at December 31, 2023, after deducting 34,843,324 shares from the Company’s repurchase account as of the disclosure date of the report, the total amount of cash dividends to be distributed is RMB1,269,270,295.20, accounting for 46.09% of the consolidated net profit attributable to owners of the Parent Company in 2023.

## Important Notice

### VI. Risk alerts regarding forward-looking statements

Forward-looking statements, including future plans and development strategies, may be contained in this report. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Neither the Company nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information. Investors are advised to pay attention to such investment risks involved and not place undue reliance on forward-looking statements.

### VII. No appropriation of funds on a non-operating basis by the Company's controlling shareholder or other related parties has occurred during the Reporting Period.

### VIII. The Company did not provide any external guarantee in violation of the decision-making procedures during the Reporting Period.

### IX. There is no situation where more than half of the Directors of the Company are unable to guarantee the truthfulness, accuracy and completeness of the annual report disclosed by the Company.

### X. Material risk warnings

General economic and political conditions, such as macroeconomic and monetary policies, laws and regulations on the financial and securities industries, upward and downward trends in the market, business and financial sectors, currency and interest rate fluctuations, availability of short-term and long-term market funding sources and financing cost, could affect the business of the Company. As a securities company, the business of the Company is directly affected by the inherent risks associated with the securities markets, including market volatility, changes in investment sentiment, fluctuations in trading volume, liquidity changes, and the creditworthiness or the perceived creditworthiness of the securities industry in the marketplace.

## Important Notice

Risks in business operation faced by the Company mainly include: policy risks from national macro-control measures, changes in laws, regulations, relevant regulatory policies and transaction rules in securities industry, which will adversely affect the business of securities companies; the risk of unexpected potential loss in value due to changes in share prices, interest rates, exchange rates, etc. in the securities market; the risk of loss caused to the Company due to failure of the debtor or counterparty to meet its contractual obligations or changes in credit quality; the operational risk due to inadequate internal processes, employee errors and misconduct, information system failure and defects, and external events; the liquidity risk of not being able to obtain sufficient funds in a timely manner and at a reasonable cost to pay debts as they fall due, meet other payment obligations and meet the funds required for normal business operations; the risk of inability of the Company's information technology system to provide normal services, affecting the normal operation of the Company's business; the risk of discontinuity of the Company's business or information security due to inadequate protection and backup measures for information technology systems and key data; the risk of negative perception of the Company's reputation resulting from its operations, management and other actions or external events; and the money laundering risk from the utilization of the Company's products or services by criminals to engage in money laundering activities which lead to negative effects on the Company's legal, reputation, compliance, operation and other aspects. In addition, like other financial institutions, the Company is inevitably exposed to a certain degree of compliance risk, legal risk and ethical risk in the course of operation and management. For these types of risks, the Company has implemented a comprehensive risk management system that fully covers such risks, and has specified relevant responsible departments, established corresponding management systems and implemented corresponding technical measures.

The Company has described the risks such as market risk, credit risk and liquidity risk in detail in this report. Please refer to the contents of the potential risks and prevention measures of the Company in the section entitled Report of the Board for details.

- XI. Chinese and English versions of this report are provided by the Company. In the event of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.
- XII. Unless otherwise stated, all analysis and explanations contained in this report are prepared on a consolidated basis.



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# Section I Definitions

## I. DEFINITIONS

In this report, unless the context otherwise requires, the following terms shall have the meanings as follows:

Definitions of the frequently used terms

“A Share(s)”	the domestic shares of the Company with a nominal value of RMB1 each, which are listed and traded on the SSE
“Articles of Association”	the articles of association of DFZQ
“Board” or “Board of Directors”	the board of directors of DFZQ
“BSE”	the Beijing Stock Exchange
“CCDC”	China Central Depository and Clearing Co., Ltd. (中央國債登記結算有限責任公司)
“China Universal”	China Universal Asset Management Company Limited (匯添富基金管理股份有限公司), an investee company of the Company
“Company” or “the Company” or “Parent Company” or “DFZQ”	東方證券股份有限公司
“Company Law”	the Company Law of the People’s Republic of China
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules
“CSDCC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of DFZQ
“FICC”	fixed Income, currencies and commodities
“Group” or “the Group” or “We”	DFZQ and its subsidiaries

## Section I Definitions

“H Share(s)”	the overseas listed foreign shares of the Company with a nominal value of RMB1 each, which are listed and traded in Hong Kong dollars on the Hong Kong Stock Exchange
“Hong Kong”	the Special Administrative Region of Hong Kong of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IPO”	Initial public offering
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
“NEEQ”	National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
“Orient Finance Holdings”	Orient Finance Holdings (Hong Kong) Limited (東方金融控股(香港)有限公司), a wholly-owned subsidiary of the Company
“Orient Futures”	Orient Securities Futures Co., Ltd. (上海東證期貨有限公司), a wholly-owned subsidiary of the Company
“Orient Investment Banking”	Orient Securities Investment Banking Co., Ltd. (東方證券承銷保薦有限公司), a wholly-owned subsidiary of the Company
“Orient Securities Asset Management”	Shanghai Orient Securities Asset Management Co., Ltd. (上海東方證券資產管理有限公司), a wholly-owned subsidiary of the Company
“Orient Securities Capital Investment”	Shanghai Orient Securities Capital Investment Co., Ltd. (上海東方證券資本投資有限公司), a wholly-owned subsidiary of the Company
“Orient Securities Innovation”	Shanghai Orient Securities Innovation Investment Co., Ltd. (上海東方證券創新投資有限公司), a wholly-owned subsidiary of the Company
“Orient Securities International”	Orient Securities International Financial Group Co., Ltd. (東證國際金融集團有限公司), a wholly-owned subsidiary of Orient Finance Holdings

## Section I Definitions

“PRC” or “China”	the People’s Republic of China and for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Reporting Period”	January 1, 2023 to December 31, 2023
“Securities Law”	the Securities Law of the People’s Republic of China
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Bureau of the CSRC”	the Shanghai Securities Regulatory Bureau of the China Securities Regulatory Commission
“Shenergy Group”	Shenergy (Group) Company Limited (申能(集團)有限公司)
“SSE”	the Shanghai Stock Exchange
“SSE Composite Index”	Shanghai Stock Exchange Stock Price Composite Index
“Supervisor(s)”	the supervisor(s) of DFZQ
“Supervisory Committee”	the supervisory committee of DFZQ
“SZSE”	the Shenzhen Stock Exchange
“SZSE Component Index”	Shenzhen Stock Exchange Component Index
“RMB, RMB’000, RMB’0000, RMB million, RMB100 million”	Renminbi Yuan, Renminbi’000, Renminbi’0000, Renminbi million, Renminbi 100 million (unless otherwise specified)

Special explanation: The figures set out in this report may differ slightly in the endings from the arithmetic sum of the relevant individual figures presented in this report due to rounding.



## Section II Company Profile and Key Financial Indicators

### I. COMPANY INFORMATION

Chinese name of the Company	東方證券股份有限公司
Chinese abbreviation of the Company	東方證券
English name of the Company	ORIENT SECURITIES COMPANY LIMITED
English abbreviation of the Company	DFZQ
Legal representative of the Company	Jin Wenzhong
General manager of the Company	Lu Weiming
Authorized representatives of the Company	Jin Wenzhong, Wang Rufu
Joint company secretaries	Wang Rufu, Ngai Wai Fung

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

Unit: Yuan Currency: RMB

	As at the end of this Reporting Period	As at the end of last year
Registered capital	8,496,645,292.00	8,496,645,292.00
Net capital	50,592,451,966.46	47,377,141,479.67

#### Business scope of the Company:

Securities business; securities investment advisory. The business scope of the Company shall be subject to the items approved by the company registration authority.

## Section II Company Profile and Key Financial Indicators

### Each individual business qualification of the Company

No.	Name of business qualification	Approval authority and approval number
1	Permit to operate securities and futures business	CSRC (No.: 913100001322947763)
2	Entry qualification for national inter-bank lending market and bonds market to conduct lending, bonds purchase, spot transaction of bonds and bonds repurchase business	Monetary Policy Department of the People's Bank of China (Yin Huo Zheng [2000] No. 108)
3	Qualification for conducting online securities commissioning	CSRC (Zheng Jian Xin Xi Zi [2001] No. 8)
4	Qualification for conducting distribution business of open-ended securities investment funds	CSRC (Zheng Jian Ji Jin Zi [2004] No. 50)
5	Qualification for conducting SSE Fund Connect business	SSE Membership Department (SSE [2005])
6	Qualification for conducting underwriting business of short-term financing bills	People's Bank of China (Yin Fa [2005] No. 275)
7	Pilot securities companies conducting relevant innovative businesses	Securities Association of China (Zhong Zheng Han [2004] No. 266)
8	Qualification for conducting share transfer agency business	Securities Association of China (Zhong Zheng Xie Han [2006] No. 158)
9	Qualification for conducting quotation and transfer business	Securities Association of China (Zhong Zheng Xie Han [2006] No. 173)
10	Dealer qualification for Integrated Electronic Platform of Fixed-income Securities of SSE	SSE (Shang Zheng Hui Zi [2007] No. 45)
11	Approval of brokerage business qualification on financial futures	CSRC (Zheng Jian Qi Huo Zi [2007] No. 351)
12	Qualification of Type A clearing participants of China Securities Depository and Clearing Corporation Limited	CSDCC (Zhong Guo Jie Suan Han Zi [2008] No. 25)
13	Qualification for clearing business of financial futures transaction	CSRC (Zheng Jian Xu Ke [2008] No. 684)
14	Qualification for trial operation of direct investment business	CSRC (Ji Gou Bu Bu Han [2009] No. 475)
15	Qualification for provision of intermediary and referral services to futures companies	CSRC (Hu Zheng Jian Ji Gou Zi [2010] No. 132)
16	Establishment of wholly-owned subsidiary, Shanghai Orient Securities Asset Management Co., Ltd. and qualification for conducting securities assets management business	CSRC (Zheng Jian Xu Ke [2010] No. 518)

## Section II Company Profile and Key Financial Indicators

No.	Name of business qualification	Approval authority and approval number
17	Permit to operate securities and futures business	CSRC (No. 91310000555998513B)
18	Qualification for conducting margin financing and securities lending business	CSRC (Zheng Jian Xu Ke [2010] No. 764)
19	Type 1 Licence – Dealing in securities Type 4 Licence – Advising on securities	SFC (CE No. AVD362)
20	Type 9 Licence – Asset management	SFC (CE No. AVH864)
21	Qualification for implementation of the securities broker system	CSRC (Hu Zheng Jian Ji Gou Zi [2010] No. 514)
22	Type 2 Licence – Dealing in futures contracts	SFC (CE No. AWD036)
23	Establishment of Citi Orient Securities Co., Ltd., qualification for conducting investment banking business	CSRC (Zheng Jian Xu Ke [2011] No. 2136)
24	Qualification for trial operation of dealer-quoted collateralized bond repurchase business	CSRC (Ji Gou Bu Bu Han [2012] No. 20)
25	Qualification for provision of integrated services to insurance institutional investors	China Insurance Regulatory Commission (Zi Jin Bu Han [2012] No. 4)
26	Qualification for conducting securities repurchase agreement transaction business	CSRC (Ji Gou Bu Bu Han [2012] No. 481) SSE (Shang Zheng Hui Zi [2012] No. 167) SZSE (Shen Zheng Hui [2013] No. 15)
27	Qualification for investment manager of insurance funds	China Insurance Regulatory Commission (Zi Jin Bu Han [2012] No. 4)
28	Qualification of pilot margin refinancing	China Securities Finance Corporation Limited (Zhong Zheng Jin Han [2012] No. 149 and Zhong Zheng Jin Han [2012] No. 153)
29	Qualification for assets management business	CSRC (Zheng Jian Xu Ke [2012] No. 1501)
30	Qualification for conducting special institutional client business of insurance institutions	China Insurance Regulatory Commission (Notice on Conducting Special Institutional Client Business of Insurance Institutions)
31	Qualification of sponsor	CSRC (Zheng Jian Xu Ke [2013] No. 33)
32	Permit to operate securities and futures business	CSRC (No.: 91310000132110914L)

## Section II Company Profile and Key Financial Indicators

No.	Name of business qualification	Approval authority and approval number
33	Qualification for financial products distribution business	Shanghai Bureau of the CSRC (Hu Zheng Jian Ji Gou Zi [2013] No. 52)
34	Qualification for conducting brokerage business in NEEQ as host broker	National Equities Exchange and Quotations Co., Ltd. (Gu Zhuan Xi Tong Han [2013] No. 44)
35	Conducting comprehensive custodian business for private equity fund (limited partnership)	CSRC (Ji Gou Bu Bu Han [2013] No. 174)
36	Qualification for conducting pilot consumption and payment service of securities funds of clients	CSRC (Ji Gou Bu Bu Han [2013] No. 207)
37	Permit to operate securities investment business	CSRC (RQF2013 HKS015)
38	Qualification for collateralized stock repurchase business	SSE (Shang Zheng Hui [2013] No. 77)
39	Qualification for conducting securities pledge registration agency business	SZSE (Shen Zheng Hui [2013] No. 60) CSDCC (Confirmation on Qualification for Securities Pledge Registration Agency Business)
40	Qualification for management business of publicly offered securities investment fund	CSRC (Zheng Jian Xu Ke [2013] No. 1131)
41	Qualification for equity-based return swaps and OTC options business	Securities Association of China (Zhong Zheng Xie Han [2013] No. 923)
42	Qualification for conducting pilot securities refinancing business	China Securities Finance Corporation Limited (Zhong Zheng Jin Han [2013] No. 227)
43	Qualification for brokerage business of marketable securities in foreign currencies	Shanghai Bureau of State Administration of Foreign Exchange (Shang Hai Hui Fu [2014] No. 15)
44	License of Securities Business in Foreign Currency	State Administration of Foreign Exchange (SC201102)
45	Qualification for conducting market maker business in NEEQ as host broker	National Equities Exchange and Quotations Co., Ltd. (Gu Zhuan Xi Tong Gong Gao [2014] No. 54, Gu Zhuan Xi Tong Han [2014] No. 707)
46	Qualification of first batch of quotation and service participants of private fund products trading between companies	China Securities Capital Market Development Monitoring Centre Company Limited (List of Participants of Quotation System [First Batch])
47	Type 6 Licence – Advising on corporate finance	SFC (CE No. BDN128)
48	Permit to conduct Shanghai-Hong Kong Stock Connect business	SSE (Shang Zheng Han [2014] No. 626)
49	Qualification for pilot OTC market business	Securities Association of China (Zhong Zheng Xie Han [2014] No. 632)

## Section II Company Profile and Key Financial Indicators

No.	Name of business qualification	Approval authority and approval number
50	Qualification for pilot proprietary business of gold spot contract	CSRC (Ji Jin Ji Gou Jian Guan Bu Bu Han [2014] No. 1876)
51	Pilot online securities business	Securities Association of China (Announcement on List of Securities Companies Conducting Pilot Online Securities Business (No. 3))
52	Qualification for underwriting business of debt financing instruments of non-financial institutions	National Association of Financial Market Institutional Investors (Announcement of National Association of Financial Market Institutional Investors [2014] No. 16)
53	Qualification of options transaction participants of SSE and permit to operate stock and options brokerage and proprietary business and qualification for options clearing business	SSE (Shang Zheng Han [2015] No. 61)
54	Qualification for conducting transfer and deposit service of clients' deposits	China Securities Depository and Clearing Corporation Limited (Zhong Guo Jie Suan Han Zi [2015] No. 11) China Securities Investor Protection Fund Corporation (Zheng Bao Han [2015] No. 67)
55	Qualification for stock and options market making business	CSRC (Zheng Jian Xu Ke [2015] No. 163)
56	Qualification for conducting quotation business for debt financing instruments of non-financial institutions	National Association of Financial Market Institutional Investors (Zhong Shi Xie Bei [2015] No. 32)
57	Qualification for sales of securities investment fund	Shanghai Bureau of the CSRC (Hu Zheng Jian Xu Ke [2015] No. 61)
58	Permit to operate securities and futures business, with business scope of underwriting and sponsoring of securities (excluding government bonds, financial bonds of policy banks, short-term financing bills and medium-term notes)	CSRC (No.: 913100007178330852)
59	Qualification for funds sales business	CSRC (No.: 000000519)
60	Contractor of service in relation to private equity fund business	Asset Management Association of China
61	Qualification for issue of short-term financing bills	CSRC (Ji Gou Bu Han [2015] No. 3337)
62	Permit to conduct Southbound Trading business under the Shenzhen-Hong Kong Stock Connect	SZSE (Shen Zheng Hui [2016] No. 326)

## Section II Company Profile and Key Financial Indicators

No.	Name of business qualification	Approval authority and approval number
63	Qualification for company conducting pilot market making business for quotation system	China Securities Internet System Co., Ltd. (Zhong Zheng Bao Jia Han [2016] No. 185)
64	Qualification for inter-bank Gold Price Asking Transactions	Shanghai Gold Exchange (Shang Jin Jiao Fa [2017] No. 81)
65	Qualification of stock options transaction participants of SSE	SSE (Shang Zheng Han [2017] No. 165)
66	Authorization for pledge-type dealer-quoted repurchase transactions of SZSE	SZSE (Shen Zheng Hui [2017] No. 371)
67	Qualification for primary market makers of SSE 50ETF Options	SSE (Shang Zheng Han [2018] No. 430)
68	Qualification of the custodian business for securities investment funds	CSRC (Zheng Jian Xu Ke [2018] No. 1686)
69	Qualification for conducting securities underwriting business (only including government bonds such as treasury bonds, local municipal bonds, financial bonds of policy banks, financing instruments governed by National Association of Financial Market Institutional Investors (including but not limited to debt financing instruments of non-financial institutions))	Shanghai Bureau of the CSRC (Hu Zheng Jian Xu Ke [2019] No. 8)
70	Qualification for primary market makers of SSE listed funds business	SSE (Shang Zheng Han [2019] No. 101)
71	Qualification for credit derivatives business (inter-bank market credit risk relieving instruments, stock exchange market credit risk relieving instruments and other credit derivatives selling business approved by regulatory authorities)	CSRC (Ji Gou Bu Han [2019] No. 463)
72	Qualification for market making business of treasure bond futures	CSRC (Ji Gou Bu Han [2019] No. 1023)
73	Standard pilot for Internet investment account	Securities Association of China (Zhong Zheng Xie Han [2019] No.185)
74	Authorisation for trading of stock option business on SZSE	SZSE (Shen Zheng Hui [2019] No. 470)
75	Qualification for commodity options market making business	CSRC (Ji Gou Bu Han [2019] No. 3058)

## Section II Company Profile and Key Financial Indicators

No.	Name of business qualification	Approval authority and approval number
76	Qualification for stock index options market making business	CSRC (Ji Gou Bu Han [2019] No. 3067)
77	Qualification for Shanghai and Shenzhen 300 ETF option primary market maker business on SZSE	SZSE (Shen Zheng Hui [2019] No. 483)
78	Qualification for Shanghai and Shenzhen 300 ETF option primary market maker business on SSE	SSE (Shang Zheng Han [2019] No. 2300)
79	Qualified domestic institutional investor	CSRC (Zheng Jian Xu Ke [2019] No. 1470)
80	Operation Qualification of Settlement and Sale of Foreign Exchange Business	State Administration of Foreign Exchange (Hui Fu [2020] No. 10)
81	Qualification for Foreign Exchange Agency Business	State Administration of Foreign Exchange (Hui Zong Bian Han [2020] No. 482)
82	Qualification for Fund Investment Advisory Business	Securities and Fund Institution Supervision Department (Ji Gou Bu Han [2021] No. 1686)
83	Qualification for Proprietary Trading of Carbon Emission Rights	CSRC (Ji Gou Bu Han [2023] No. 100)

In addition, the Company is a member of the Securities Association of China, SSE, SZSE, National Debt Association of China and Shanghai Gold Exchange. It is also a clearing participant of CSDCC and a member of the Asset Management Association of China.

## Section II Company Profile and Key Financial Indicators

### II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Representative of securities affairs
Name	Wang Rufu	Li Tingting
Correspondence address	11/F, No. 119 South Zhongshan Road, Huangpu District, Shanghai, the PRC	11/F, No. 119 South Zhongshan Road, Huangpu District, Shanghai, the PRC
Tel	+86-021-63325888	+86-021-63325888
Fax	+86-021-63326010	+86-021-63326010
E-mail	wangrf@orientsec.com.cn	litingting@orientsec.com.cn

### III. BASIC COMPANY INFORMATION

Registered address	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai, the PRC
Business address	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai, the PRC, 3-6/F, 12/F, 13/F, 22/F, 25-27/F, 29/F, 32/F, 36/F and 38/F, Building 2, No. 318 South Zhongshan Road, Huangpu District, Shanghai, the PRC
Postal code of business address	200010
Place of business in Hong Kong	28-29/F, No. 100 Queen's Road Central, Central, Hong Kong
Company website	www.dfzq.com.cn
E-mail	ir@orientsec.com.cn
Investor relations hotline	+86-021-63326373
Customer service hotline for brokerage business	95503

### IV. INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Name and website of newspaper for disclosure of the Company's annual report	China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times
Website of stock exchange for disclosure of the Company's annual report	www.sse.com.cn (SSE) www.hkexnews.hk (Hong Kong Stock Exchange)
Place where the annual reports of the Company are available	11/F, No. 119 South Zhongshan Road, Huangpu District, Shanghai, the PRC



## Section II Company Profile and Key Financial Indicators

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

Type of shares	Stock exchange on which shares are listed	Stock abbreviation	Stock code
A Shares	SSE	東方證券	600958
H Shares	Hong Kong Stock Exchange	DFZQ	03958

### VI. OTHER INFORMATION OF THE COMPANY

#### (i) History of the Company, mainly including its restructuring, capital increase and others in previous years

On December 10, 1997, the Orient Securities Limited Liability Company (東方證券有限責任公司, hereinafter referred to as “Orient Securities Limited”), the Company’s predecessor, was established in Shanghai, the PRC with a registered capital of RMB1.0 billion, at the same time, it obtained the business license with a registration number of 150050030000 issued by the Shanghai Administration for Industry and Commerce. On February 23, 1998, the People’s Bank of China approved the establishment of Orient Securities Limited Liability Company and approved its Articles of Association by the Reply on the Establishment of Orient Securities Limited Liability Company (Yin Fu [1998] No. 52).

On August 13, 2003, the Shanghai Municipal People’s Government approved Orient Securities Limited to be restructured into a joint-stock limited company in accordance with the Reply on Approving the Establishment of 東方證券股份有限公司 (Hu Fu Ti Gai Shen [2003] No. 004). On September 12, 2003, the CSRC approved Orient Securities Limited to be restructured into a joint-stock limited company in accordance with the Reply on Approving the Restructuring, Capital Increase and Change of Name by Orient Securities Limited Liability Company (Zheng Jian Ji Gou Zi [2003] No. 184). The original shareholders of Orient Securities Limited converted the audited net assets as of December 31, 2002 into shares based on a ratio of 1:1, meanwhile, ten of the new and existing shareholders, including Shenergy Group, Shanghai Tobacco Group Co., Ltd. (上海煙草(集團)公司), and Wenhui-Xinmin Press Group, increased the capital in an amount of RMB1.0 billion by currency, as such, Orient Securities Limited was reorganized into a joint-stock limited company by way of overall alteration. Upon the completion of the overall alteration, the registered capital of the Company was RMB2,139,791,800.00. On October 8, 2003, the Company obtained an updated business license from the Shanghai Administration for Industry and Commerce.

## Section II Company Profile and Key Financial Indicators

In order to further expand its scale, in May 2007, as approved by the document (Zheng Jian Ji Gou Zi [2007] No. 101) issued by the CSRC, the Company carried out a capital increase by placing shares to all of its shareholders in the proportion of 10:5. Upon the completion of such capital increase, the registered capital of the Company increased from RMB2,139,791,800.00 to RMB3,079,853,836.00.

In August 2007, as approved by the document (Zheng Jian Ji Gou Zi [2007] No. 187) issued by the CSRC, the Company implemented the profit distribution plan for 2006 on the basis of one bonus share for every ten shares. Upon the completion of the transfer of retained profits into share capital, the total share capital of the Company increased from RMB3,079,853,836.00 to RMB3,293,833,016.00.

In November 2011, as approved by the document (Zheng Jian Xu Ke [2011] No. 1769) issued by the CSRC, the Company increased its share capital through rights issue to its shareholders. Upon the completion of such rights issue, the registered capital of the Company increased from RMB3,293,833,016.00 to RMB4,281,742,921.00.

In March 2015, as approved by the document (Zheng Jian Xu Ke [2015] No. 305) issued by the CSRC, the Company was listed on the Main Board of the SSE. As such, the registered capital of the Company increased from RMB4,281,742,921.00 to RMB5,281,742,921.00.

In September 2015, the Proposal on Issue of H Shares and Listing in Hong Kong by the Company was considered and approved at the Company's first extraordinary general meeting for 2015. In May 2016, the CSRC approved the proposed issue of up to 1 billion shares of overseas listed foreign shares by the Company by the document (Zheng Jian Xu Ke [2016] No. 1026). On June 2, 2016, the Listing Committee of the Hong Kong Stock Exchange held a listing hearing to consider the application of the Company for its issue of up to 1 billion shares of overseas listed foreign shares and the listing on the Main Board of the Hong Kong Stock Exchange. On July 8, 2016, 870,000,000 H Shares under the IPO and 87,000,000 H Shares to be sold by the selling shareholders, which in total amounted to 957,000,000 overseas listed foreign shares (H Shares) of the Company, were listed and traded on the Main Board of the Hong Kong Stock Exchange. In July 2016, the over-allotment option was partially exercised by the joint global coordinators (on behalf of the international underwriters) and the Company was required to issue 63,709,090 additional H Shares and 6,370,910 H Shares to be sold as a result of the fulfillment of the obligations on the reduction of state-owned shares by the selling shareholders, which in total amounted to 70,080,000 H Shares listed and traded on the Main Board of the Hong Kong Stock Exchange on August 3, 2016. As such, the registered capital of the Company increased from RMB5,281,742,921.00 to RMB6,215,452,011.00.

In December 2017, as approved by the document (Zheng Jian Xu Ke [2017] No. 1940) issued by the CSRC, the Company completed the non-public issuance of 778,203,792 A Shares. Upon the completion of such non-public issuance, the registered capital of the Company increased from RMB6,215,452,011.00 to RMB6,993,655,803.00.

## Section II Company Profile and Key Financial Indicators

On May 2021, the “Proposal on the Public Issuance of Shares by Way of Rights Issue of the Company” was considered and approved at the 2020 annual general meeting and H share class meeting. In February 2022, the CSRC issued the Reply on Approval for Issuance of Overseas Listed Foreign Shares by 東方證券股份有限公司 (CSRC Approval [2022] No. 348) (《關於核准東方證券股份有限公司發行境外上市外資股的批覆》(證監許可[2022]348號)), which approved the Company to issue up to 308,124,000 additional overseas listed foreign shares. In March 2022, the CSRC issued the Reply on Approval for Rights Issue by 東方證券股份有限公司 (CSRC Approval [2022] No. 540) (《關於核准東方證券股份有限公司配股的批覆》(證監許可[2022]540號)), which approved the Company to place 1,670,641,224 new shares to its existing shareholders. In May 2022, the Company completed the rights issue of A Shares, under which 1,502,907,061 shares were subscribed. In the same month, the Company completed the rights issue of H Shares, under which 82,428 shares were subscribed. Upon completion of the rights issue of A Shares and H Shares of the Company, the Company’s registered capital increased from RMB6,993,655,803.00 to RMB8,496,645,292.00.

### (ii) Organizational structure of the Company

#### 1. Organizational structure of the Company

The shareholders’ general meeting shall be the source of authority of the Company; the Board shall be the institution for decision-making and is responsible for the shareholders’ general meeting; the Board has established four special committees including the strategic development committee, the remuneration and nomination committee, the audit committee as well as the compliance and risk management committee. Each of the special committees shall be accountable to the Board. The Supervisory Committee shall be the internal supervisory institution of the Company, which is responsible for the shareholders’ general meeting. The Supervisory Committee has established the office of the Supervisory Committee.

The Company implements the president accountability system under the leadership of the Board; the president shall be appointed or dismissed by the Board and shall be accountable to the Board. As at the end of the Reporting Period, the Board and the special committees have established the Board’s office, strategic development department, audit centre, risk management department as well as compliance and legal management department. The management has established business functional units including the office, party committee office, trade union office, office of discipline inspection, human resources management department, planning finance management department, capital management department, operation management department, system research and development department, system operation department, administration department, wealth management business department, fixed income business department, securities investment business department, securities research institute, securities financing business department, financial derivatives business department, OTC business department, custodian business department and internet financial business department.

## Section II Company Profile and Key Financial Indicators

### 2. *The wholly-owned subsidiaries and major investee companies of the Company*

As at the end of the Reporting Period, the Company's wholly-owned subsidiaries and major investee companies include Orient Securities Futures Co., Ltd., Shanghai Orient Securities Capital Investment Co., Ltd., Orient Finance Holdings (Hong Kong) Limited, Shanghai Orient Securities Asset Management Co., Ltd., Shanghai Orient Securities Innovation Investment Co., Ltd., Orient Securities Investment Banking Co., Ltd. and China Universal Asset Management Company Limited.

### 3. *Briefings of the wholly-owned subsidiaries of the Company*

#### (1) *Orient Securities Futures Co., Ltd.*

Address: 11/F, 21/F, 22/F, 29/F, 33-35/F and 39/F and Room 3101-3103, Building 2, No. 318 South Zhongshan Road, Huangpu District, Shanghai, the PRC

Date of incorporation: December 8, 1995

Registered capital: RMB4.3 billion

Percentage of shareholding: 100%

Legal representative: Lu Dayin

Tel: +86-021-68400610

#### (2) *Shanghai Orient Securities Capital Investment Co., Ltd.*

Address: 36/F, Building 2, No. 318 South Zhongshan Road, Huangpu District, Shanghai, the PRC

Date of incorporation: February 8, 2010

Registered capital: RMB4 billion

Percentage of shareholding: 100%

Legal representative: Jin Wenzhong

Tel: +86-021-63325888

#### (3) *Orient Finance Holdings (Hong Kong) Limited*

Address: 28-29/F, No. 100 Queen's Road Central, Central, Hong Kong, the PRC

Date of incorporation: February 17, 2010

Registered capital: HKD2,754,078,015

Percentage of shareholding: 100%

Chairman: Zhang Jianhui

Tel: +852-35191188

## Section II Company Profile and Key Financial Indicators

(4) *Shanghai Orient Securities Asset Management Co., Ltd.*

Address: 7-11/F, No. 109 South Zhongshan Road,  
Huangpu District, Shanghai, the PRC

Date of incorporation: June 8, 2010

Registered capital: RMB0.3 billion

Percentage of shareholding: 100%

Legal representative: Yang Bin

Tel: +86-021-63325888

(5) *Shanghai Orient Securities Innovation Investment Co., Ltd.*

Address: 8/F, Building 2, No. 318 South Zhongshan Road,  
Huangpu District, Shanghai, the PRC

Date of incorporation: November 19, 2012

Registered capital: RMB7.5 billion

Percentage of shareholding: 100%

Legal representative: Zhang Jianhui

Tel: +86-021-63325888

(6) *Orient Securities Investment Banking Co., Ltd.*

Address: 24/F, No. 318 South Zhongshan Road,  
Huangpu District, Shanghai, the PRC

Date of incorporation: June 4, 2012

Registered capital: RMB0.8 billion

Percentage of shareholding: 100%

Legal representative: Cui Hongjun

Tel: +86-021-23153888

## Section II Company Profile and Key Financial Indicators

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

As at the end of the Reporting Period, the total number of the securities branches of the Company amounted to 179. (Please refer to “Appendix I” to this report for details)

Number and distribution of securities branches are as follows:



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

As at the end of the Reporting Period, the Company had 45 futures branches, including 3 in each of Shanghai City, Beijing City, Hangzhou City, Zhejiang Province, Shenzhen City, Guangdong Province and Wuhan City, Hubei City, 2 in each of Ningbo City, Zhejiang Province, Zhengzhou City, Henan Province, Xiamen City, Fujian Province and Nanjing City, Jiangsu Province and Suzhou City, Jiangsu Province and 1 in each of Chongqing City, Tianjin City, Guangzhou City, Guangdong Province, Shantou City, Guangdong Province, Shenyang City, Liaoning Province, Dalian City, Liaoning Province, Changsha City, Hunan Province, Wuxi City, Jiangsu Province, Changzhou City, Jiangsu Province, Nantong City, Jiangsu Province, Taiyuan City, Shanxi Province, Jinan City, Shandong Province, Qingdao City, Shandong Province, Dongying City, Shandong Province, Chengdu City, Sichuan Province, Xi'an City, Shaanxi Province, Quanzhou City, Fujian Province, Harbin City, Heilongjiang Province, Fuzhou City, Fujian Province, Taizhou City and Zhejiang Province. (Please refer to “Appendix II” to this report for details)

## Section II Company Profile and Key Financial Indicators

### VII. OTHER RELEVANT INFORMATION

Domestic accounting firm appointed by the Company	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥))
	Office address	30/F, No. 222 East Yan'an Road, Huangpu District, Shanghai, the PRC
	Name of the signing accountants	Shi Man, Ding Yi Qing
Overseas accounting firm appointed by the Company	Name	Deloitte Touche Tohmatsu
	Office address	35/F, One Pacific Place, No. 88 Queensway, Hong Kong
	Name of the signing accountant	Shi Chung Fai
Sponsor that performed ongoing supervisory duties during the Reporting Period	Name	China International Capital Corporation Limited (中國國際金融股份有限公司)
	Office address	27/F and 28/F, Block 2, China World Trade Center, No. 1 Jianguomenwai Avenue, Chaoyang District, Beijing, the PRC
	Name of the signing sponsoring representative	Zhou Yinbin, Chen Xue
	Period of ongoing supervision	May 2022 to December 2023
Sponsor that performed ongoing supervisory duties during the Reporting Period	Name	Orient Securities Investment Banking Co., Ltd.
	Office address	24/F, No. 318 South Zhongshan Road, Huangpu District, Shanghai, the PRC
	Name of the signing sponsoring representative	Hong Weilong, You Yandong
	Period of ongoing supervision	May 2022 to December 2023
Chief Risk Officer and Chief Compliance Officer	Jiang Helei	
Legal Advisor to the Company as to the PRC law	Grandall Law Firm (Shanghai)	
Legal Advisor to the Company as to Hong Kong law	Clifford Chance	
A Share Registrar	Shanghai Branch of CSDCC	
H Share Registrar	Computershare Hong Kong Investor Services Limited	

## Section II Company Profile and Key Financial Indicators

### VIII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE RECENT THREE YEARS

#### (i) Key accounting data

Currency: RMB

Key accounting data	2023	2022	Change over the previous year (%)	2021
<b>Operating results ('000)</b>				
Revenue and other total income	<b>24,277,389</b>	23,107,363	5.06	28,562,802
Profit before income tax	<b>2,919,140</b>	3,378,020	-13.58	6,306,834
Profit for the year-attributable to shareholders of the Company	<b>2,753,755</b>	3,010,558	-8.53	5,371,496
Net cash generated from/(used in) operating activities	<b>14,044,838</b>	19,762,089	-28.93	(9,458,019)
Other comprehensive (expense)/income, net of income tax	<b>417,081</b>	(69,259)	N/A	496,757
<b>Earnings per share (RMB/share)</b>				
Basic earnings per share	<b>0.30</b>	0.35	-14.29	0.72
Diluted earnings per share	<b>N/A</b>	N/A	N/A	N/A
<b>Indicators of profitability</b>				
Weighted average returns on net assets (%)	<b>3.45</b>	4.16	Decreased by 0.71 percentage point	9.02



## Section II Company Profile and Key Financial Indicators

	As at the end of 2023	As at the end of 2022	Change over the end of the same period of previous year (%)	As at the end of 2021
<b>Indicators of scale ('000)</b>				
Total assets	<b>383,690,462</b>	368,066,959	4.24	326,599,622
Total liabilities	<b>304,930,265</b>	290,668,670	4.91	262,456,516
Account payables to brokerage clients	<b>111,570,987</b>	123,041,420	-9.32	90,012,125
Equity attributable to equity holders of the Company	<b>78,745,531</b>	77,386,472	1.76	64,127,111
<b>Total share capital ('000)</b>	<b>8,496,645</b>	8,496,645	0.00	6,993,656
<b>Net assets per share attributable to shareholders of the Company (RMB/share)</b>	<b>9.30</b>	9.11	2.09	9.17
Gearing ratio (%)	<b>71.04</b>	68.41	Increased by 2.63 percentage points	72.89

Notes:

- The weighted average number of ordinary shares in issue has been adjusted retrospectively in the calculation of earnings per share for 2021.
- Gearing ratio = (Total liabilities – Account payables to brokerage clients – Funds payable to securities issuers)/(Total assets – Account payables to brokerage clients – Funds payable to securities issuers)

### (ii) Key accounting data and key financial indicators for the recent five years

#### 1. Profit

Unit: million Currency: RMB

Items	2023	2022	2021	2020	2019
Revenue and other total income	<b>24,277</b>	23,107	28,563	27,647	24,351
Total expenses	<b>21,942</b>	20,395	23,700	26,073	22,087
Share of results of associates	<b>584</b>	666	1,444	1,212	591
Profit before income tax	<b>2,919</b>	3,378	6,307	2,786	2,855
Profit for the year – attributable to shareholders of the Company	<b>2,754</b>	3,011	5,371	2,723	2,435

## Section II Company Profile and Key Financial Indicators

### 2. Assets

Unit: million Currency: RMB

Items	2023	2022	2021	2020	2019
Share capital	<b>8,497</b>	8,497	6,994	6,994	6,994
Total equity	<b>78,760</b>	77,398	64,143	60,231	54,012
Equity attributable to shareholders of the Company	<b>78,746</b>	77,386	64,127	60,203	53,966
Total liabilities	<b>304,930</b>	290,669	262,457	230,886	208,960
Account payables to brokerage clients	<b>111,571</b>	123,041	90,012	66,643	40,179
Total assets	<b>383,690</b>	368,067	326,600	291,117	262,971

### 3. Key financial indicators

Items	2023	2022	2021	2020	2019
Basic earnings per share (RMB/share)	<b>0.30</b>	0.35	0.72	0.37	0.34
Diluted earnings per share (RMB/share)	<b>N/A</b>	N/A	N/A	N/A	N/A
Weighted average returns on net assets (%)	<b>3.45</b>	4.16	9.02	4.85	4.61
Gearing ratio (%)	<b>71.04</b>	68.41	72.89	73.13	75.75
Net assets per share attributable to shareholders of the Company (RMB/share)	<b>9.30</b>	9.11	9.17	8.61	7.72

*Note:* The weighted average number of ordinary shares in issue in 2021 and before has been adjusted retrospectively in the calculation of earnings per share.

## Section II Company Profile and Key Financial Indicators

### (iii) Net capital and risk control indicators of the Parent Company

Unit: '000 Currency: RMB

Items	As at the end of the Reporting Period	As at the end of last year
Net capital	50,592,452	47,377,141
Net assets	72,203,105	70,411,065
Risk coverage rate (%)	365.27	253.08
Capital gearing ratio (%)	12.72	14.38
Liquidity coverage ratio (%)	203.97	218.50
Net stable funding ratio (%)	131.89	139.09
Net capital/net assets (%)	70.07	67.29
Net capital/liabilities (%)	27.87	30.78
Net assets/liabilities (%)	39.77	45.75
Proprietary equity-based securities and its derivatives/net capital (%)	13.97	12.83
Proprietary non-equity securities and its derivatives/net capital (%)	318.58	312.27

Note: All data above have been calculated based on the financial information prepared in accordance with the CASBE.

## IX. DIFFERENCES BETWEEN IFRS AND CASBE

Net profits for January to December 2023 and January to December 2022, and net assets as at December 31, 2023 and December 31, 2022 as stated in the consolidated financial statements of the Group prepared in accordance with CASBE are consistent with those prepared in accordance with IFRS.

## Section II Company Profile and Key Financial Indicators

### X. ITEMS MEASURED AT FAIR VALUE

Unit: '000 Currency: RMB

Items	Opening balance	Closing balance	Current changes	Effects on current profits
1. Financial assets at fair value through profit or loss	83,763,730	<b>97,069,644</b>	13,305,914	2,452,162
2. Derivative financial instruments	708,888	<b>1,003,448</b>	294,560	(660,819)
3. Debt instruments at fair value through other comprehensive income	76,862,096	<b>90,813,713</b>	13,951,617	3,555,470
4. Equity instruments at fair value through other comprehensive income	3,721,658	<b>6,298,178</b>	2,576,520	401,020
5. Financial liabilities at fair value through profit or loss	18,539,311	<b>15,301,834</b>	(3,237,477)	(654,599)

*Note:* The effect on current profit includes: (1) net investment income and interest income acquired through holding and disposing of above-mentioned projects; (2) impairment loss from debt instruments at fair value through other comprehensive income. All amounts above-mentioned affecting the current profit are amounts before enterprise income tax.

## Section III Report of the Board

### I. DISCUSSION AND ANALYSIS OF OPERATION

In 2023, given the complex macroeconomic environment at home and abroad, inflation and interest rate hikes have become the main themes of the overseas capital market. Domestic macroeconomic policy regulation and control have been strengthened, and the national economy has promoted recovery amid pressure and challenges. During the Reporting Period, China's GDP reached RMB126.06 trillion, representing a year-on-year increase of 5.2%. The trend of A shares was under pressure, as shown by a decrease of 3.70% in the SSE Composite Index, a decrease of 13.54% in the SZSE Component Index and a decrease of 19.41% in the ChiNext Index; the trading activity slightly decreased. During the Reporting Period, the average daily turnover of Shanghai and Shenzhen stocks was RMB876.444 billion, representing a year-on-year decrease of 5.27%; meanwhile, the bond market yield fluctuated downward, the yields of 10-year treasury bonds decreased by 28bp to approximately 2.55%, the 10-year CDB yields decreased by 32bp to approximately 2.68%, the total price index of ChinaBond increased by 1.66%, and the comprehensive price index of ChinaBond increased by 2.06%.

In 2023, adhering to the general keynote of “practice integrity and honesty, make innovation” and closely following the main line of high-quality development throughout the year, the Company firmly implemented the strategy of “stabilizing growth, controlling risks, promoting development, adjusting structure and increasing efficiency”, focused on steady development, maintained development determination, strived to business transformation, and continued to improve capabilities. Firstly, we insisted on serving the real economy, strived to build a comprehensive investment banking system, promoted the construction of industrial ecological chain and value creation, and served customers in the whole life cycle. The underwriting business of the Company's book-entry treasury bonds and financial bonds of policy banks continued to be at the leading level among peers; the pass rate of equity financing projects of Orient Investment Banking was 100%, and the bond financing project remained zero default; Orient Securities Innovation and Orient Securities Capital Investment maintained stable equity investment. Secondly, we actively responded to market changes, accelerated the construction of a buyer wealth management system, created the integration of “research, investment and advisory”, and formed a complete wealth allocation production chain. The customer scale of traditional brokerage business continues to grow; the total service scale of the fund investment advisory business was RMB14.36 billion, achieving a customer reinvestment rate of 76%; the margin financing and securities lending business focuses on professional customers and realises the automatic processing of customer vouchers, extension and repayment; Orient Securities Asset Management and China Universal vigorously improved the investment and research capabilities, reduced the volatility of product performance, strengthened the diversified layout, and consolidated the market advantages of the Company's asset management brand. Thirdly, we effectively promoted the transformation of sales transactions, created platforms and strategies that meet the needs of the market and customers, and continued to improve the institutional business service system. The Company continued to expand institutional customers, and the scale of institutional wealth management has increased by 45.3% compared to the beginning of the period. The market share of the trading volume of Orient Futures ranked No. 1 in the industry, and the scale of customer rights and interests ranked No. 3 in the industry. In terms of proprietary business, the Company continued to improve the domestic and overseas institutional sales and trading platforms for all assets, and ranked first in the market for the market-making business of CDB, ADB and Export-Import Bank Financial Bonds. The Company obtained the qualification for carbon emission rights trading and completed the first transaction, and obtained the market-making qualifications for a number of equity options, commodity futures and options varieties, further enriching the comprehensive service functions.

## Section III Report of the Board

The Company continued to invest in the field of financial technology, actively empowered integrated development, and accelerated the development of business and technology. Steady progress has been made in the new generation of core business systems, and relevant transformation and testing of various peripheral systems have been completed. The Company created a self-developed leading application for investment management business, and the super investment management platform realized full-asset transaction, full-business support and full-process control. The Company also completed the launch of Orient Integrated Account technology, which built a unified view of all-round customers, and completed the development of data collection tools for the industrial chain, and realized the processing of more than 5.8 million pieces of data on the “Finoview” intelligent investment research platform.

In the face of opportunities and challenges in the industry and market, the Company has improved its asset quality and continuously strengthened management and control to lay a good foundation for high-quality development. With the goal of improving and optimizing asset and liability management, the Company improved its asset allocation capabilities and dynamically adjusted its asset deployment, focused on core ROE indicators, reconstructed the comprehensive budget management system, as well as strengthened its cost control. By reducing the issuance interest rate and reasonably decreasing the scale of liabilities, the Company has further reduced its financing costs. Meanwhile, the Company resolutely implemented strict risk control requirements to further improve its management and control capabilities, formulated guidelines for major risk monitoring and reporting, strictly controlled business risk exposure, and strengthened risk control of key businesses. The Company further consolidated the effect of vertical management and control, followed up the subsequent implementation of rectification work after external regulatory inspections in a timely manner, and actively played the role of audit supervision based on the risk orientation. The Company’s risk control indicators in the year continued to meet regulatory requirements, and there were no major violations of laws and regulations. The Company was included in the “white list” of securities companies for the first time, and the ESG rating of MSCI was upgraded to AA.

## Section III Report of the Board

### II. INDUSTRY OVERVIEW FOR THE REPORTING PERIOD

In 2023, the domestic and international macroeconomic environments were complicated, with factors such as the inflation and interest rate hikes, as well as geopolitical risks impacting the capital market. With the strengthening of the domestic macro policy control, the active fiscal policy and prudent monetary policy, the national economy has advanced recovery amid pressure and challenges, recording the annual GDP growth rate of 5.2%, while the performance of the capital market was under pressure, and the trading activity has declined slightly.

The securities industry continued to promote high-quality development. On the one hand, securities firms responded to customer needs and served the real economy, with investment banking leading the collaborative development of investment, research, asset management and other businesses to provide comprehensive financial services for enterprises in whole industry chain of real industries. On the other hand, in the face of the opportunity of rising demand for wealth management of the general public, securities firms strived to enhance the professionalism and effectiveness of large-scale wealth management business, and contributed to the wealth management of the general public through diversified investor education efforts. Meanwhile, the development of the securities industry has changed to intensification, differentiation, function and internationalisation. Securities firms have improved their core competitiveness through a more diversified business layout and aggressive efforts in building a team of talents, making contribution to the construction of a strong financial country.

During the Reporting Period, by focusing on the main line of high-quality development, consolidating asset quality and optimising business model, the Company's operating performance was basically stable and its position in the industry was fundamentally sound. In particular, the wealth management business continued to undergo in-depth transformation, the investment management business maintained its industry leading position, the FICC business created a sales and trading platform covering all assets for domestic and overseas institutions, the investment banking business actively served the financing needs of real enterprises, and financial technology continued to empower business development.

## Section III Report of the Board

### III. PRINCIPAL BUSINESSES ENGAGED BY THE COMPANY DURING THE REPORTING PERIOD

The Company is a comprehensive securities company established under the CSRC's approval, which provides all-round, one-stop financial services covering securities, futures, asset management, investment banking, investment consultancy and securities research. After years of development, the Company has established a leading position in its competitive business sectors such as proprietary investment, asset management, wealth management and securities research.

The Company primarily engages in the following five business sectors during the Reporting Period:

- **Investment Management**

The Company provides its clients with services such as asset management schemes, publicly offered securities investment funds products and private equity investment funds management.

- The Company conducts asset management business through Orient Securities Asset Management, a wholly-owned subsidiary of the Company, providing a complete product line of asset management business including collective asset management, single asset management, specialized asset management and publicly offered securities investment funds.
- The Company conducts fund management business for its clients through China Universal, an associate in which the Company is the largest shareholder with a shareholding of 35.412%.
- The Company engages in private equity investment fund management business through Orient Securities Capital Investment, a wholly-owned subsidiary of the Company.



## Section III Report of the Board

- **Brokerage and Securities Financing**

The Company conducts securities and futures brokerage business, and provides its clients with such services as margin financing and securities lending, collateralized stock repurchase, OTC trading and custodian.

- The Company's securities brokerage business primarily focuses on trading stocks, funds and bonds by accepting entrustments or on behalf of the clients according to the instructions given to the authorized branches, and provides clients with product sales, publicly offered fund investment advisory and other services.
- The Company conducts futures brokerage business through Orient Futures, a wholly-owned subsidiary of the Company, who provides the clients with commodity futures brokerage, financial futures brokerage, futures investment consultancy, asset management and distribution of funds and other services.
- The Company conducts risk management business through Orient Securities Runhe, a wholly-owned subsidiary of Orient Futures and facilitates companies to manage price risks during operations via warehouse receipt services, basis trade and OTC options in futures and spot markets.
- The Company's margin financing and securities lending business mainly refers to a transaction in which an investor provides the Company with collateral to borrow funds and purchase securities (margin financing transaction) or borrow and sell securities (securities lending transaction).
- The Company's collateralized stock repurchase transaction business refers to a transaction in which qualified borrowers pledge their stocks or other securities as collateral to obtain financing from the Company and agree to repay the funds on a future date to release such pledge.
- The Company provides over-the-counter trading (OTC) financial products and also provides transfer, market making quotation and other services to its clients.
- The custodian business of the Company mainly includes providing asset custody and fund services to private equity investment funds, publicly offered funds and various asset management institutions.

## Section III Report of the Board

- **Securities Sales and Trading**

The Company conducts securities sales and trading business with its own capital, including equity investment and trading business, fixed income investment and trading business, financial derivatives trading business, alternative investment and securities research services.

- The Company engages in professional equity investment and trading business and fixed income investment and trading business, which includes various stocks, funds, bonds, derivatives and others. In the meantime, the Company actively expands FICC business.
- The Company conducts financial derivatives trading business by flexibly utilizing derivatives and various trading strategies to obtain absolute income with low risk exposure.
- The Company engages in alternative investment business through Orient Securities Innovation, a wholly-owned subsidiary of the Company, and its investment products include equity investment, special assets investment, quantitative investment etc.
- The Company provides its institutional clients with research services. The clients allocate funds to the seats through the Company and, based on the quality of the research services, determine the lease of special unit trading seats from the Company and the allocation of trading volume.

- **Investment Banking**

The Company carries out investment banking business mainly through Orient Investment Banking, a wholly-owned subsidiary of the Company and its fixed income business department and investment banking business department (planned).

- The Company provides equity underwriting and sponsorship services, including underwriting and sponsorship services of IPOs, and refinancing projects including non-public offerings and rights issues.
- The Company provides debt underwriting services, including underwriting services for corporate bonds, enterprise bonds, treasury bonds, financial bonds and others.
- The Company provides financial advisory services in areas such as mergers and acquisitions and restructuring, NEEQ securities recommendation and listing as well as enterprise reform.

## Section III Report of the Board

- **Headquarters and Others**

The Company's headquarters and other businesses mainly include headquarters' treasury business, overseas business and financial technology.

- Headquarters' treasury business mainly includes the management of headquarters financing business and liquidity reserves.
- The Company conducts internationalization business through Orient Finance Holdings, a wholly-owned subsidiary of the Company, with its business place in Hong Kong. Orient Finance Holdings conducts brokerage business, asset management business, investment banking business and margin financing business regulated by the SFC in accordance with the SFO through Orient Securities International, its wholly-owned subsidiary and various licensed companies.
- The Company maintains the trend of technology leading business development, actively strengthens independent research and development, and continues to promote the integrated development of financial technology.

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

The core competitiveness of the Company lies in corporate governance, talents, advantageous business, compliance and risk control and party building culture.

### 1. Long-term and Unwavering Support from Shareholders and Continuously Standardized Corporate Governance

Since the establishment of the Company, the Shareholders of the Company, in particular Shenergy Group, the largest Shareholder, have been giving strong and unwavering support to the Company's innovative development, business development and operation and system reform. Upon the listing of A Shares and H Shares, the Company continuously improves its corporate governance structure, compliance and risk control system and internal control management system in accordance with the requirements of the governance codes for A Shares and H Shares listed companies, resulting in a more robust corporate governance structure. As a securities firm under the Shanghai SASAC, the Company attaches great importance and gives full play to the functions of the Company's party committee as leading core and political core to ensure that the general meeting, the Board, the Supervisory Committee and the management team perform their respective duties diligently.

## Section III Report of the Board

The Company continuously improved and amended the management measures for information disclosure and investor relationship management and other rules in accordance with the regulatory requirements, and organized the Directors and Supervisors to participate in relevant trainings and studies, which effectively enhanced the ability of the Directors and Supervisors to perform their duties as well as the corporate governance performance. The Company repurchased more than 34 million A shares of the Company in total through centralised bidding transactions with an amount of RMB311 million, demonstrating its confidence in the capital market and the value of the Company's shares. The Company has won several awards including the Best IR Hong Kong Listed Company (A + H Shares) by New Fortune and the "2022 Golden Award for Information Disclosure" by China Securities Journal.

### 2. United and Pragmatic Senior Management Team and Professional and Enterprising Business Team

The Company's senior management members have worked in the securities and finance industry for many years with in-depth insight and extensive management experience in the finance and securities industry, providing strong support for the long-term sustainable development of the Company. The Company owns professional, high-quality and relatively stable business teams which have gathered rich market experience and outstanding professional abilities through years of operation. It also has a pool of steadily growing future leaders and talents to lay a solid foundation of talents for the Company's innovative development.

During the Reporting Period, the Company focused on strengthening the management of its cadre team, revised the cadre management policies, implemented democratic evaluations of cadres, and effectively managed cadre appointment and removal. It also continuously iterated and innovated its approach to recruiting outstanding talents, leading to successful efforts in rejuvenating the cadre team with a younger workforce. It strengthened the construction of the "three abilities" mechanism, steadily promoted the change of employee ranking system and structural promotion, demotion and salary adjustment, practiced the guidelines for steady remuneration of regulatory authorities, and revised and improved the Company's remuneration management and other related systems. Taking the return of investment banking as an opportunity, the Company further improved the organisational structure and corresponding mechanism of investment banking business.

## Section III Report of the Board

### 3. Continuous Consolidation and Development of Traditional Advantageous Business and Leading Position in Various Business Fields

After years of intensive cultivation, the Company has established competitive advantages in various fields such as fixed income, asset management, fund management, futures brokerage, etc. The Company's fixed income business delivered excellent long-term performance. Orient Securities Asset Management always practices the philosophy of value investment, thereby establishing sound market reputation for the "Dong Fang Hong (東方紅)" brand. China Universal has developed stable and top-class overall capabilities and ranked among the top in the industry in terms of size of active equity business. By strengthening mechanism reform and the application of financial technology, Orient Futures steadily increased its market share and established a competitive edge in the industry.

During the Reporting Period, the Company's fixed income business recorded steady growth in terms of both scale and revenue. In particular, innovative businesses such as inter-bank bond market making, Bond Connect and treasury bond futures market making performed particularly well, with a significant increase in trading volume, ranking at the forefront of the industry, and the FICC business chain continued to expand. Orient Securities Asset Management strengthened the development of its investment and research teams and product system, and China Universal made positive progress in its overseas business. Orient Futures actively expanded institutional trading, Internet and international business, and continued to maintain an industry leading position in terms of customer equity scale and market share by transaction volume.

### 4. Diligent and Effective Efforts in Compliance and Risk Control to Effectively Play a Protective Role

The Company has always adhered to the operating concept of "overall compliance based on risk control", and has formed a closed-loop compliance and risk management system of "culture – people – system – tool" with stable risk culture as the core, sound system as the basis and professional management tools as the support. The Company continuously strengthens the awareness of compliance and risk control among its staff, optimizes the comprehensive risk management system and enhances the effectiveness of compliance and risk management.

During the Reporting Period, the Company had no material violations and continued to meet the requirements of various regulatory indicators. The Company facilitated the effective and in-depth implementation of the plan for vertical management of compliance and risk control, further fulfilled the responsibility of top leaders, strengthened the linkage between compliance management and performance assessment, continuously developed a digital public opinion early warning system, and enhanced risk measurement and analysis capabilities. The Company also strengthened the control of the stop-loss mechanism for high-risk businesses, promoted the refined measurement of major professional risks, and focused on audit and rectification to create a closed-loop management. During the Reporting Period, the Company was included in the "white list" of securities companies for the first time.

## Section III Report of the Board

### 5. Persisting in Organic Integration of Party Building, Corporate Culture and Market-Oriented Mechanism

As a securities firm under the Shanghai SASAC, the Company attaches great importance to the construction of party building and corporate culture, effectively implements the industry culture of “compliance, integrity, professionalism and stability”, promotes the transformation of cultural soft power into concrete support for innovation and development. In addition, the Company always focuses on facilitating the construction of market-oriented mechanisms with continuous optimization and innovation, thereby continuously strengthening the cohesion, competitiveness and creativity of the Company.

During the Reporting Period, the Company fully implemented the action plan based on the spirit of the 20th National Congress of the Communist Party of China, transformed the outcomes of its learning into practical measures, actively integrated into the overall development of the capital market, and meticulously organized and implemented its initiatives based on the principle of high standards, strict requirements and a focus on achieving tangible results. The Company formulated an implementation plan for thematic education investigation and research, conducted research in key areas such as the integration of party building and business development, improving ROE, green finance, internationalization, and financial services for people’s livelihoods, compiled the findings into a report, and made solid efforts to promote the implementation of the research outcomes. The Company formulated its industry culture construction plan, which clarified the planning objectives and major implementation projects for the next three years. The Company held a commendation meeting to celebrate the 102nd anniversary of the founding of the CPC, the 2023 Staff Culture Festival and the 2022 Labour Competition Selection and Commendation activities, and organized the special event of “Oriental Culture Afternoon Tea (東方文化下午茶)” to celebrate the Company’s 25th anniversary. It also produced a special documentary film titled “Twenty Five” under the theme of “Oriental Family”, and innovatively designed the “Special Service Award” for the 25th anniversary. The Company’s MSCI ESG rating was upgraded from A to AA, becoming one of the only two AA-rated securities companies in China.

## Section III Report of the Board

### V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD

As of the end of the Reporting Period, the Group's total assets amounted to RMB383.690 billion, representing an increase of 4.24% over the end of last year; shareholders' equity attributable to the Company amounted to RMB78.746 billion, representing an increase of 1.76% over the end of last year; and the net capital of the parent company amounted to RMB50.592 billion, representing an increase of 6.79% over the end of last year.

During the Reporting Period, the Company realized revenue and other income of RMB24.277 billion, representing a year-on-year increase of 5.06%, profit for the period attributable to shareholders of the Company of RMB2.754 billion, representing a year-on-year decrease of 8.53% and weighted average returns on net assets of 3.45%, representing a year-on-year decrease of 0.71 percentage point. In the revenue and other income, investment management business realized RMB2.303 billion, taking up 7.95% of the total; brokerage and securities financing business realized RMB13.630 billion, taking up 47.05% of the total; securities sales and trading business realized RMB5.894 billion, taking up 20.34% of the total; investment banking business realized RMB1.622 billion, taking up 5.60% of the total and headquarters and others realized RMB5.523 billion, taking up 19.06% of the total. (Calculation of segment revenue and other income, segment expenditure and relevant proportions have not taken account of any consolidation and offsetting factor; the same approach is adopted below)

#### (i) Statement of the Principal Businesses of the Group and Its Analysis

Unit: '000 Currency: RMB

Segment	Segment of the principal businesses					
	Segment revenue and other income	Segment expenditure	Profit margin (%)	Change in segment revenue and other income over previous year (%)	Change in segment expenditure over previous year (%)	Change in profit margin over previous year (%)
Investment management	2,302,784	1,916,206	40.90	-28.05	1.11	Decreased by 20.15 percentage points
Brokerage and securities financing	13,630,171	13,665,705	-0.36	10.67	10.76	Decreased by 0.21 percentage points
Securities sales and trading	5,894,384	4,458,900	25.37	8.16	16.35	Decreased by 5.51 percentage points
Investment banking	1,622,482	1,039,228	35.95	-17.15	-15.78	Decreased by 1.05 percentage points
Headquarters and other	5,523,081	4,107,342	25.31	12.56	-5.83	Increased by 15.26 percentage points

## Section III Report of the Board

### (1) *Investment Management*

The Company provided clients with asset management schemes, securities firms' publicly offered fund products for equity investment and private equity investment business. During the Reporting Period, the investment management business realized operating income of RMB2.303 billion, accounting for 7.95% of total income.

#### *Asset management*

The Company mainly engages in asset management business through Orient Securities Asset Management, a wholly-owned subsidiary of the Company.

#### *Market environment*

In 2023, amidst the intensified market volatility, pressure on product net value, and continuous decline in investor risk preferences, a number of key regulations were introduced during the year. The Work Plan for the Reform of Fee Rates in the Publicly Offered Fund Industry (公募基金行業費率改革工作方案) was launched by the CSRC to promote the reform of fee rates in the publicly offered fund industry in a steady and orderly manner. At the end of the year, the Regulations on Strengthening the Management of Securities Trading of Publicly Offered Securities Investment Funds (Exposure Draft) (《關於加強公開募集證券投資基金證券交易管理的規定(徵求意見稿)》) was issued to further strengthen the supervision of the commission distribution of publicly offered fund transactions. The Administrative Measures for the Capital of Commercial Banks (《商業銀行資本管理辦法》) was promulgated, and changes in the investment preferences of banks' proprietary funds would have an impact on publicly offered funds and entrusted special accounts. The new regulatory rules have brought new opportunities and challenges to the mega asset management industry, including publicly offered funds and securities asset management. The asset management industry has entered a new stage of high-quality development with increasingly fierce competition.



## Section III Report of the Board

### Operation initiatives and business development

As at the end of the Reporting Period, the total management scale of Orient Securities Asset Management amounted to RMB235.754 billion, of which RMB183.379 billion was under public fund management. Under the complex external environment, Orient Securities Asset Management maintained its strategy and continued to promote platform-based, diversified and market-oriented corporate transformation by “starting a new undertaking” to promote corporate high-quality development. During the Reporting Period, the construction of the equity investment and research integration platform reached a new level, the investment and research coordination mechanism operated well, and the team building mechanism of fixed income investment and research was continuously optimized; the customer demand interpretation mechanism was continuously optimized to further improve the product management system framework and gradually expand the product matrix; certain achievements were made in the transformation of professional services in the sales system, the capital diversification strategy was promoted in depth, and continuous breakthroughs were made in various key customers; it focused on upgrading the brand system platform, building a hierarchical investor education system, and actively undertook social responsibilities to continuously promote the construction of brand reputation; a number of R&D technological results were achieved through technology empowering business development, and its industry influence was gradually increased; benefiting from the smooth operation of compliance and risk management, it maintained a leading level of management system in the industry.

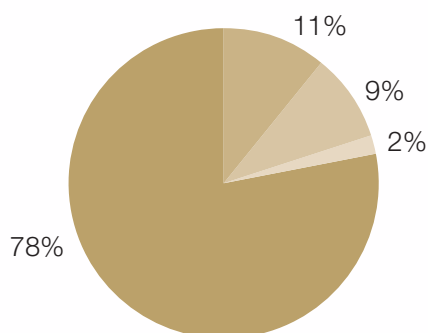
Orient Securities Asset Management has been adhering to the business principle of “putting clients’ interests first”, focusing on active management and insisting on value investment and long-term investment. In the face of changes in the external environment, Orient Securities Asset Management adhered to the main strategy of “high-quality development”, persisted in professional investment and research, and benchmarked itself against top domestic and international asset management institutions to build a professional, diversified and highly integrated investment and research platform. In addition, it developed the business based on its investment management capabilities, expanded its product matrix, and continuously promoted capital diversification that matched its investment management capabilities, so as to strengthen the building of its overall professional capabilities. As at the end of the Reporting Period, the return of equity investment actively managed by Orient Securities Asset Management was 65.34% for the last seven years, ranking ninth in the industry (source: Galaxy Securities Fund Research Center – Long-term Assessment Ranking of Fund Managers’ Capability in Active Management of Equity Investment). The absolute rate of return of fixed income fund under the management of Orient Securities Asset Management for the last five years was 22.55%, ranking among the top 25% in the industry (source: Financial Products Research Center of Haitong Securities Research Institute – Performance Rankings of Equity and Fixed Income Assets of Fund Managers).

## Section III Report of the Board

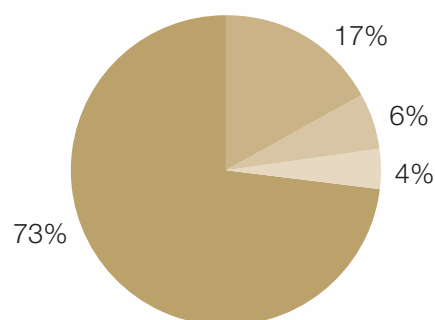
The following table sets forth the scale of assets under management (AUM) of the Company by product type:

(in RMB million)	As at December 31, 2023	As at December 31, 2022
Collective asset management scheme	25,364.66	48,478.64
Single asset management scheme	21,864.68	18,456.48
Specialized asset management scheme	5,145.07	10,684.65
Publicly offered funds issued by securities dealer	183,379.27	207,132.22
<b>Total</b>	<b>235,753.68</b>	<b>284,751.99</b>

**Management Scale Structure of  
Orient Securities Asset Management  
(as at the end of 2023)**



**Management Scale Structure of  
Orient Securities Asset Management  
(as at the end of 2022)**



## Section III Report of the Board

During the Reporting Period, Orient Securities Asset Management and its products won dozens of industry awards, including the “Golden Fund – Bond Investment Return Fund Management Company Award” under the 20th Golden Fund Awards by Shanghai Securities News, the “Five-Year Golden Bull Securities Firm Collective Asset Manager (2023) Award” under the Golden Bull Awards of the Securities Industry in 2023 by China Securities Journal, the “Five-Year Continuous Returns Ordinary Bond Star Fund” award under the 18th Chinese Fund Industry Star Fund Awards and the “All-round Wealth Management Broker Junding Award” under 2023 Chinese Securities Industry Asset Management Junding Award by Securities Times.

### Development plan and outlook

Looking ahead to 2024, positive factors in the market will increase and expectations for the recovery of economic fundamentals will be strengthened. Orient Securities Asset Management will focus on the development goals of the Company’s “large-scale wealth” business, enhance its active management capabilities and provide excellent supply. Firstly, we will continue to optimize our professional, diversified and highly integrated investment and research platform, focus on building a professional investment and research team and form efficient investment and research synergies. Secondly, we will build a product management system centered on customer demand, continue to expand the product matrix, improve the efficiency of product issuance and enhance product evaluation and utilization of results. Thirdly, we will build a technology empowered system, promote digital transformation, strengthen the top-level design of our digitalization strategy and the introduction of resources, build a data governance platform and create various unified application platforms. Fourthly, we will establish a scientific talent growth system, continuously strengthen the construction of teams of cadres and talents, activate resources and stimulate the vitality of the organization. Fifthly, we will accelerate the construction of comprehensive professional capabilities, strengthen internal management and enhance refined operation and management capabilities.

## Section III Report of the Board

### *Fund management through China Universal*

The Company mainly engages in fund management business through China Universal, an associate in which the Company is the largest shareholder with 35.412% equity interest.

### *Market environment*

In 2023, against the backdrop of the continuous adjustment of China's macro economy, intensified volatility in the capital market and the comprehensive and in-depth reform of the publicly offered fund industry, the competition in the industry was becoming increasingly fierce, and investors' sense of achievement was to be improved in urgent. At the same time, the Central Financial Work Conference issued a mobilisation order to accelerate the construction of a strong financial country. With the continuous growth of residents' demand for wealth management and asset allocation, the accelerated construction of a multi-pillar pension financial system, the accelerated opening-up process, and the continuous deepening of scientific and technological innovation, the publicly offered fund industry is entering a new stage of high-quality development.

### *Operation initiatives and business development*

During the Reporting Period, by adhering to the requirements of its 2023 business plan and the requirement of "year of knowledge and action", China Universal strived to consolidate the construction of infrastructure systems and continue to optimize our organizational management processes to promote the steady development of our various businesses. As at the end of 2023, the average monthly scale of non-monetary publicly offered funds of China Universal exceeded RMB450 billion, ranking among the top in the industry. China Universal insisted on improving its product portfolio and further enriched its multi-asset and multi-strategy product system. China Universal successfully launched 48 publicly offered funds throughout the year, further enriched its active equity products, and continued to replenish its equity index, index enhancement and fixed income products. China Universal further enriched its active equity products, and actively explored alternative products such as the public REITs, and continued to increase product holding and marketing. Major equity index funds such as the China Universal CSI 800ETF and major bond funds such as China Universal Interest Rate Bond have achieved significant growth in management scale.

## Section III Report of the Board

China Universal persisted in long-term development, continuously strengthened its investment philosophies and principles, emphasized the regularity of investment, and improved the forward-looking and effective research; accelerated the improvement of its index products and strategy service system, and continued to build the “HTF index” brand; continuously enhanced its comprehensive fixed-income investment capability and optimized its credit risk management system; and continued to promote the construction of an ESG investment system to practice sustainable investment. At the same time, we comprehensively strengthened the construction of our marketing and service system for channels, institutions and e-commerce platforms, provide in-depth services and long-term companionship for customers. We continued to enhance our investment advisory empowerment, and effectively enhanced our service efficiency through digital construction. China Universal’s collective and international strategy has been steadily promoted and its subsidiary in the United States officially commenced operation. The application for its subsidiary in Singapore obtained approval from the CSRC.

In 2023, China Universal won the Golden Bull Award, Golden Fund Award, the Star Fund Award and other heavyweight industry awards. Meanwhile, as the first president unit of the Shanghai Asset Management Association, the Company actively promoted the high-quality development of the Shanghai asset management industry and helped the construction of Shanghai International Financial Centre and Global Asset Management Centre.

During the Reporting Period, China Universal actively fulfilled its corporate social responsibility by providing assistance to the disaster-stricken areas in Gansu and Qinghai. It has carried out the “River • Children” public welfare assistance project for 15 consecutive years, innovatively launched the “Foundation for Good” Charitable Asset Management Seminar, “Tribute to Heroes” military support public welfare project, “Tribute to Urban Builder” warmth action, etc., which continued to gather more social forces to help rural revitalization and common prosperity.

### Development plan and outlook

In the face of the complex and severe external environment and increasingly fierce industry competition, China Universal will actively embrace the historic opportunity of high-quality development of the publicly offered fund industry, insist on the implementation of five-year strategic plan of the Company, and adhere to the business philosophy of “all for the long term” and the value of “customer first”, continue to refine the four core capabilities, namely, investment management, compliance risk control, client service and business innovation, keep improving the distribution layout of underlying asset, enrich the construction of solution system, strive to improve long-term performance, enhance the sense of achievement of its clients, and devote itself to building China’s most recognised asset management brand.

## Section III Report of the Board

### *Private equity investment*

The Company mainly engages in private equity investment business through Orient Securities Capital Investment, a wholly-owned subsidiary of the Company.

### *Market environment*

During the Reporting Period, the fundraising and investment scale of China's equity investment market showed a downward trend to varying degrees. According to the data of Zero2IPO, in 2023, the size of newly raised funds decreased by 15.5% year-on-year, and the investment amount also recorded a year-on-year decrease of 23.7%. In terms of industry distribution, funds further concentrated in strategic emerging and technology-based enterprises, of which the three major fields of semiconductor and electronic equipment, IT, and biomedical sectors accounted for half of the total. The number of all types of transactions exiting the market decreased, and the activity level declined.

### *Operation initiatives and business development*

In the face of the coexistence of strategic opportunities and risks and challenges, as well as the increase in uncertainties, Orient Securities Capital Investment insisted on seeking progress while maintaining stability, correctly recognised the background of changes in industry and technology, actively sought for quality investment opportunities in anti-cyclical industries, and emphasized investment opportunities in the relevant fields such as biomedicine, advanced manufacturing, artificial intelligence, cloud computing, and new energy, in line with social and national development trends.

As at the end of the Reporting Period, Orient Securities Capital Investment managed 58 funds with a scale of RMB17.540 billion. There were 145 projects under investment, with an investment amount of approximately RMB8.61 billion, and it has investment in 9 listed projects. During the Reporting Period, Orient Securities Capital Investment raised and filed 12 new funds with a fundraising scale of approximately RMB2.699 billion, added 15 new investment projects with a total investment amount of approximately RMB610 million; a total of 10 target companies made IPO applications and were accepted, and 1 target company completed IPO and listing. Since the implementation of the registration system for the Science and Technology Innovation Board and the ChiNext, a total of 27 target companies completed issuance and listing or passed the review by the listing committee, and 6 target companies were at the stage when the applications were accepted; since the incorporation of the BSE, a total of 2 target companies completed listing.

## Section III Report of the Board

### Development plan and outlook

In the future, Orient Securities Capital Investment will strengthen the research and judgment of the market environment, refrain from blindly following the trend, constantly practice its internal skills, optimize its investment layout and grasp the rhythm of investment. In terms of fundraising, it will further enrich the composition of investors, broaden the channels of fundraising, and strive to break through the bottlenecks; in terms of projects, it will increase efforts in systematic analysis of new energy, medical devices, semiconductors and other emerging industries, and will make plans in advance for the upstream and downstream of the industry chain on the basis of in-depth industry development.

### (2) Brokerage and Securities Financing

The Company's brokerage and securities financing segment primarily comprises securities brokerage business, futures brokerage business, bulk commodity trading and securities financing business including margin financing and securities lending and collateralized stock repurchase. During the Reporting Period, the brokerage and securities financing business achieved operating income of RMB13.63 billion, accounting for 47.05% of total income.

### Securities brokerage

The brokerage business of the Company mainly relies on the wealth management business headquarters and its branches.

### Market environment

In 2023, stock indices fluctuated in a downward trend, industry rotation intensified and the activity of market trading decreased slightly with trading volume of stocks and funds reached RMB239.99 trillion, representing a year-on-year decrease of 3.10%. The underperformance of Equity Long-only affected investor confidence and posed challenges to the development of wealth management business. Meanwhile, benefiting from national policy support and gradual maturity of the industry, the industry continued to transform into the role of "buy-side investment adviser", the demand for product investment from institutional customers continued to grow, and the development of wealth management business continued to open up new horizons and growth drivers.

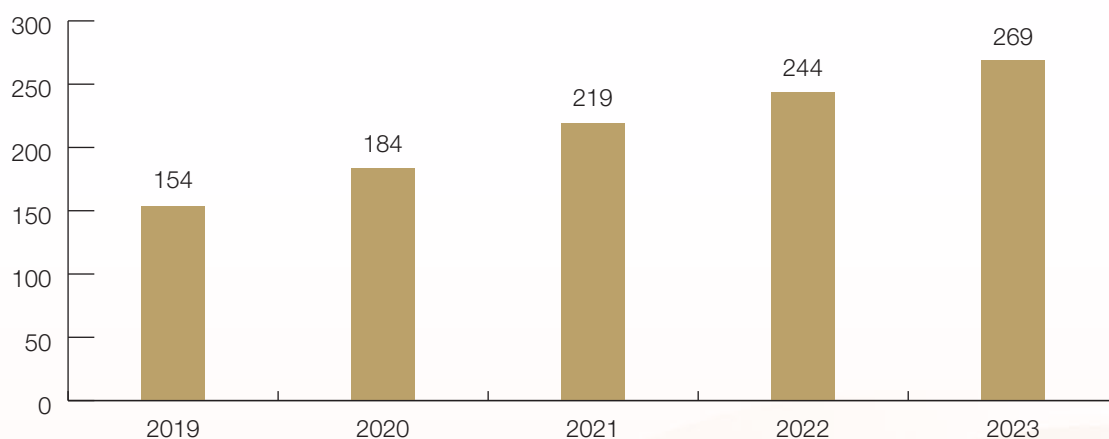
## Section III Report of the Board

### Operation initiatives and business development

During the Reporting Period, the Company continued to promote the transformation of wealth management business towards “buy-side investment adviser”, fully utilised its own strengths and experience, constructed business models and business scenarios that align with the interests of investors, and formed business synergy among securities agency trading, margin financing and securities lending, publicly offered products distribution, publicly offered fund investment advisory, personal pension, institutional wealth management and private wealth management. The Company also comprehensively upgraded its service system, and provided customers with comprehensive professional solutions for financial asset investment covering the front, middle and back office, thereby driving the high-quality development of its wealth management business.

As at the end of the Reporting Period, the Company had 179 securities branches, covering 89 cities. In 2023, the market share in terms of income of the securities brokerage business was 1.63%, ranking 20th in the industry, which remained the same as the same period of last year (data from monthly report of the Securities Association of China). As at the end of the Reporting Period, the Company had 2.69 million customer capital accounts, representing an increase of 10.3% year-on-year, and total assets under custody amounted to RMB737.8 billion. In particular, the Company had 6,633 institutional customers with an asset size of RMB402.0 billion.

**Total number of customer fund accounts of the Company (0'000)**





## Section III Report of the Board

In terms of retail business, the Company actively responded to market volatility and continued to develop its core competitiveness in the financial products agency sales business. On the asset side, the Company constantly improved the three-dimensional evaluation model of “manager-fund product” and properly customized and introduced high-quality core products, with a year-on-year increase of 72% in the introduction of publicly offered fund products throughout the year. On the service side, the Company strengthened the construction of the front office team in branches, and focused on continuously improving the professionalism of its frontline staff in product allocation and their motivation in agency sales. The Company actively guided its customers to establish the idea of long-term investment and effectively boosted the confidence of customers by carefully selecting products and offering high-quality investor education and client companionship, and the sales of a number of products throughout the year were among the highest in the industry. During the Reporting Period, the Company’s sales scale of equity products amounted to RMB10.3 billion, representing a year-on-year decrease of 2.3%. As at the end of the Reporting Period, the size of equity products of the Company amounted to RMB45.744 billion, representing a decrease of 5.0% from the beginning of the period. According to the data of Asset Management Association, as at the end of 2023, the size of equity+mixed publicly offered funds held by the Company ranked 14th among securities dealers.

The following table sets forth the type and amount of all the financial products the Group distributed during the periods indicated, including OTC products:

<b>(in RMB million)</b>	<b>January – December 2023</b>	<b>January – December 2022</b>
Publicly offered funds (including monetary funds)	<b>120,614</b>	110,491
Collective asset management products	<b>1</b>	0
Trust schemes	<b>1,938</b>	312
Private equity investment fund products	<b>785</b>	411
Other financial products	<b>7,443</b>	4,568
<b>Total</b>	<b>130,781</b>	115,782

## Section III Report of the Board

The Company set the benchmark for the whole market of fund investment advisory services, served and guided investors to invest rationally. As at the end of the Reporting Period, the fund investment advisory business launched two product series, namely the “Yue” series and the “Ding” series, with a total of 16 investment portfolio strategies and a size of approximately RMB14.36 billion, serving approximately 138,000 clients, with a client retention rate of 69% and a re-investment rate of 76%. The Company’s fund investment advisory business has gradually developed a mature buy-side service model with good customer service experience.

The institutional wealth management platform has been upgraded again, realizing integrated and comprehensive service capabilities. The Company’s institutional platform has opened up the integration of on-market securities settlement and off-market funds for institutional wealth management, realizing seamless switching between on-market and off-market investments for institutions and real-time liquidation of public money funds, with the efficiency reaching the first-tier level in the industry. At the same time, the Company established a comprehensive financial product portfolio, selected a wide range of high-quality financial products including public funds, insurance asset management, trusts, and asset management products of securities dealers, provided a full range of products to institutional clients such as asset management institutions and listed companies. During the Reporting Period, the Company developed many business cooperation models with insurance companies and wealth management subsidiaries of banks, and successfully launched MOM products for wealth management to increase the scale of institutional wealth management business. As at the end of the Reporting Period, the size of the Company’s institutional wealth management business reached RMB10.9 billion, representing an increase of 45.3% from the beginning of the year.

The Company has enriched the system of private fund products to meet the investment needs of high-net-worth customers and promote the development of private wealth business. During the Reporting Period, the Company accelerated the launch of bond strategy, relative value, quantitative stock selection and other strategic products, creating a system of private fund products based on six major strategies, namely bond, composite, quantitative, subjective, FOF and alternative, as well as three major risk categories, namely, low, medium and high, while continuing to promote the “Orient Beauty – Fortune 100” asset allocation service program, with a year-on-year increase of over 90% in the scale of the implemented program, effectively meeting the needs of high-net-worth customers. As at the end of the Reporting Period, the number of high net worth retail customers of the Company amounted to 6,647, an increase of 0.79% from the beginning of the year, and the total size of assets was RMB150 billion, an increase of 3.97% from the beginning of the year.

## Section III Report of the Board

For Internet finance, during the Reporting Period, the Company continued to improve the “Winner’s Toolbox” digital decision-making service system, further expand the product portfolio of Internet value-added service, strengthen the construction of the content ecosystem, steadily improve its digital service and operation capabilities and promote the sales of digital value-added tools; Oriental Winners APP smoothly deployed commercial password applications online, and launched intelligent trading services with continuous optimization of functions and experience; we actively utilized digital RMB to give play to its service advantages, implemented the financial technology innovation pilot project of digital RMB in the capital market and supported the purchase of financial services by digital RMB and custody transfer under the third-party custody system. As at the end of the Reporting Period, the Company had 600,300 active brokerage customers on the Internet and mobile phone platforms with stock and fund trading volume of RMB4.56 trillion. The number of customers trading through the Internet and mobile terminals accounts for 99.04% of the total number of customers, the online transaction amount accounts for 86.89% of the total, and the number of newly opened online accounts takes up for 99.06% of all accounts opened in the same period.

During the Reporting Period, the Company won the “Fund Investment Advisory Institution Golden Bull Award” in the first China Fund Investment Advisory Golden Bull Awards by China Securities Journal, 2023 Securities Company Golden Bull Award – Golden Bull Growth Wealth Management Team, “Fund Investment Advisory Institution Golden Advisory Award”, “Fund Investment Advisory Services Golden Advisory Award” and “Fund Investment Advisory Communication Golden Advisory Award” by Xinhua Finance, the 2023 “Chinese Securities Industry All-round Wealth Management Broker Junding Award” and “Chinese Securities Industry Fund Investment Advisory Junding Award” by Securities Times, the bank “screw” team won the “2023 Chinese Securities Industry Investment Advisory Team Junding Award”, and the Shanghai Pudong New Area Yuanshen Road Securities Branch won the “2023 Chinese Securities Industry Top 20 Securities Branch Junding Award”, the “Sales Innovation Award” and “Business Innovation Award” in the second Innovation Excellence Awards by China Fund, and the “Best Investment Advisory Team” and “Outstanding Organization Award” of the 6th New Fortune Best Investment Advisors Appraisal by New Fortune. The Company received an “excellent” rating from the CSRC for its national-level investor education base and received a “Grade A” rating from the Securities Association of China for its investor education work.

## Section III Report of the Board

### Development plan and outlook

In the future, the Company will focus on the general direction of customer demand in the domestic wealth management market, give full play to its one-stop service capability for mass affluent customers, corporate and institutional customers, high-net-worth customers and asset management customers, strengthen its front-end revenue-generating capability, middle-platform empowerment capability, and regionalized customer acquisition capability, and proactively explore wealth management business models of brokers in the new era. We will deepen the transformation and development of wealth management, adhere to the beliefs of our team, insist on the concept of incremental business, and strengthen our customer base; strengthen our online and offline efforts to consolidate our market-leading competitive advantages in fund investment advisory; strengthen internal coordination within the Group, enhance our ability to respond to customer operations and continue to focus on institutional wealth management business; continuously enrich the service system of private fund products, guide our branches to carry out asset allocation of high-net-worth customers based on the concept of buy-side investment advisory services and vigorously promote the “Oriental Beauty – Fortune 100” business.

### Futures brokerage

The Company engages in futures brokerage business through Orient Futures, a wholly-owned subsidiary of the Company.

### Market environment

During the Reporting Period, the economic situation in China and overseas was complicated and volatile and the commodity price index diverged significantly. The demand for risk management of various investors increased greatly, and the market transaction scale increased steadily. In 2023, on the basis of 21 new futures option varieties newly listed in the domestic futures market, China’s futures market achieved a total trading volume of 8.501 billion lots and a turnover of RMB568.51 trillion, representing a year-on-year increases of 26% and 6%, respectively. Meanwhile, the development of futures business was facing multiple challenges from the factors such as macro economy, market fluctuations, policy adjustments, and competition in the industry was becoming increasingly fierce. The Administrative Measures for Supervision of Futures Companies (Exposure Draft) released during the Reporting Period brought important opportunities for the transformation and upgrading of domestic futures companies. The transformational development is imperative.

## Section III Report of the Board

### Operation initiatives and business development

During the Reporting Period, Orient Futures capitalized on market opportunities and continuously iterated and upgraded its service capabilities. In general, the Company maintained stable operations, with all key operating indicators remaining at the forefront of the industry. In 2023, Orient Futures had a trading volume of 2.077 billion lots, ranking first in the industry. The three indicators of net profits, operating income and the scale of customer equity remained among the top five in the industry. In addition, the overseas business maintained a good development, which the Singapore subsidiary achieved continuous monthly profitability, occupying an important position in the Group's global strategic layout.

Orient Futures utilized financial technology to continuously improve its comprehensive service capabilities, steadily increased the influence of Finoview products, and gradually demonstrated the brand image of its research team. The OST system guarantees the edge of the Company's speed, and the Zhida Pro and CommoSmart systems have made their presence felt. Adhering to the primary bottom line of compliance and risk control, Orient Futures maintained an AA rating in the classification assessment for four consecutive years, and various risk regulatory indicators continued to meet the Company and regulatory early warning standards.

During the Reporting Period, Orient Futures won various awards including the "Outstanding Member" award by Zhengzhou Commodity Exchange, the "Outstanding Member Gold Award" by Dalian Commodity Exchange, the "Outstanding Member Gold Award" by Shanghai Futures Exchange, the "Outstanding Member Award" by Shanghai International Energy Exchange, the "Outstanding Member Platinum Award" by China Financial Futures Exchange.

### Development plan and outlook

In the future, Orient Futures will focus on customers' demand, empower financial technology and improve service capabilities. With the goal of increasing market share, the Company will explore the blue ocean business and enrich the customer structure. It will take compliance and risk control as the bottom line, abide by the standards of integrity and improve the risk control system. Adhering to the strategy of "Unified Orient", the Company will optimize resource allocation and promote development through synergy. With the talent team as the guarantee, it will promote system construction and optimise internal management.

## Section III Report of the Board

### *Securities financing*

#### Market environment

During the Reporting Period, market conditions fluctuated repeatedly, and the scale of margin financing and securities lending increased slightly. As at the end of the Reporting Period, the balance of margin financing and securities lending of the whole market totaled RMB1,650.896 billion, representing an increase of 7.17% from the end of last year. In particular, the balance of margin financing amounted to RMB1,579.299 billion, representing an increase of 9.33% from the end of last year; and the balance of securities lending amounted to RMB71.597 billion, representing a decrease of 25.33% from the end of last year.

#### Operation initiatives and business development

In terms of the margin financing and securities lending business, the Company actively developed customers and business resources by carrying out targeted incentive activities and strengthening front-end services and support for branches, and strived to overcome the adverse impacts of the highly complicated capital market environment and volatile market conditions in China and overseas, so as to achieve a steady increase in the scale of margin financing and securities lending business and the number of customers. Taking system upgrading as the starting point, the Company actively responded to business changes, and simultaneously optimized and upgraded the surrounding systems around the construction of the Company's new generation system to significantly improve the overall efficiency of the system. Meanwhile, it continued to improve the whole-process risk management system, optimized concentration management, constantly improved risk control measures, maintained the guarantee ratio higher than the market average, and realized the organic integration of business development and risk control. As at the end of the Reporting Period, the balance of margin financing and securities lending of the Company amounted to RMB20.769 billion, representing an increase of 7.25% from the end of last year and a market share of 1.26%.

In terms of the collateralized stock business, the Company continued to adhere to the keynote of "risk control and scale reduction" and continuously reduced the scale of collateralized stock business. As at the end of the Reporting Period, the outstanding balance of the Company's collateralized stock business amounted to RMB5.899 billion, all of which were contributed with proprietary funds, representing a decrease of 35.4% from the end of last year, effectively reducing the business scale.

## Section III Report of the Board

### Development plan and outlook

The Company will strive to integrate the Group's resources, strengthen internal construction, actively develop customer resources, consolidate customer base and optimise business and customer structure by carrying out targeted activities and other measures. The Company will continue to refine business management and improve risk management measures to realise the organic combination of business development and risk control and the high-quality development of margin financing and securities lending business. At the same time, for collateralized stock business, the Company continued to put great efforts in clearance and risk mitigation of collateralized stock business to greatly reduce the scale of collateralized stock business.

### Other business

#### OTC business

During the Reporting Period, the net values of various public and private fund products was under pressure, and the issuance and sales of equity products faced challenges. Moreover, with the new regulations on OTC derivative management and the consultation draft of new regulations on issuance of income certificates, higher requirements were put forward for compliant development of related businesses.

The Company focused on building OTC into “product center”, “trading center” and “innovation incubation center” to better support the development of front office operations. During the Reporting Period, the Company's total business volume in OTC market amounted to RMB144.491 billion, representing a year-on-year increase of 16.35%. Among them, some individual businesses developed rapidly: the size of fixed-income asset management products was RMB11.855 billion, representing a year-on-year increase of 56.18%; the Company launched 2,769 new OTC products, representing a year-on-year increase of 55.39%; issued variable income certificates of RMB18.573 billion, representing a year-on-year increase of 95.88%; the total number of personal pension investment accounts opened exceeded 53,000, remaining at the first echelon in the industry. In terms of operational concentration, the Company successfully completed the switching and launch of the new generation of OTC system and TA system, effectively improved the continuous service capability of the OTC core business system, and continuously optimized the business processing process. In terms of product management, the Company continued to improve product management by implementing the product manager responsibility system that provides customers with one-stop services, optimizing and migrating the financial product management system to the web end, and establishing the “visualized platform for financial products” of OTC.

## Section III Report of the Board

In the future, the Company will adhere to the concept of “openness, inclusiveness, sharing and innovation” to expand and deepen the middle platform, continue to undertake the role positioning of OTC market builders, product hosts, product managers and transaction managers, and strive to promote key tasks such as product management, transaction management, income certificates, business department services and innovative business, build an OTC service brand, and provide strong support for the Company’s wealth management and other front office operations.

### Custody business

During the Reporting Period, due to market volatility, the number of filed and approved private securities investment funds decreased by more than 35% year-on-year, and the custody outsourcing business entered the stage of inventory competition, resulting in more intense competition.

The Company has established the service concept of “sincerity and value creation”, and achieved good results in improving service efficiency and development quality and efficiency. During the Reporting Period, the Company achieved a year-on-year increase of 10.79% in total revenue from the custody outsourcing business. As at the end of the Reporting Period, the scale of securities custody products of the Company was RMB59.699 billion, representing a year-on-year increase of 13.38%; the scale of publicly offered fund custody was RMB8.378 billion. Through the comprehensive improvement of operation and service level, the Company has overcome a number of difficulties and pain points that have long-term impact on efficiency, resulting in a significant increase in customer satisfaction.

The Company is committed to becoming a custody outsourcing agency with high efficiency, good reputation and characteristics that can continuously create value for customers. The Company will continue to adhere to the customer demand orientation of giving priority to the interests of share holders, vigorously promote the two core driving strategies of “synergy” and “technology”, strengthen internal control management and investment supervision, create service characteristics, optimize the marketing service system, expand the scale of custody outsourcing, and enhance market influence and brand image.



## Section III Report of the Board

### (3) *Securities Sales and Trading*

The Company conducts securities sales and trading business with its own funds, including proprietary trading and institutional sales trading (equity investment and trading, fixed income investment and trading, financial derivatives trading business), innovative investment and securities research services. During the Reporting Period, the securities sales and trading business realized operating income of RMB5.894 billion, accounting for 20.34% of total income.

#### *Proprietary trading and institutional sales trading*

##### *Market environment*

During the Reporting Period, stock markets moved up first and then downwards, posing challenges to the equity investment business as shown by a decrease of 3.70% in the SSE Composite Index, a decrease of 13.54% in the SZSE Component Index, a decrease of 19.41% in the ChiNext Index and a decrease of 13.82% in the Hang Seng Index throughout the year. The bond market yield fluctuated downward. The yields of 10-year treasury bonds decreased by 28bp to approximately 2.55%, and the 10-year CDB yields decreased by 32bp to approximately 2.68%, and the total price index of ChinaBond increased by 1.66%, and the comprehensive price index of ChinaBond increased by 2.06%.

##### *Operation initiatives and business development*

The following table sets forth the balance of the Group's proprietary trading and institutional sales trading business by asset class:

<b>(in RMB million)</b>	<b>As at December 31, 2023</b>	<b>As at December 31, 2022</b>
Stocks	<b>6,149.40</b>	4,239.30
Funds	<b>6,525.37</b>	8,031.65
Bonds	<b>132,986.34</b>	110,585.62
Others <sup>(Note)</sup>	<b>9,033.98</b>	5,664.35
<b>Total</b>	<b>154,695.08</b>	128,520.93

*Note:* Primarily include investment in asset management schemes and wealth management products using our own funds.

## Section III Report of the Board

In terms of proprietary equity investment business, during the Reporting Period, the Company's trading stock business operated at a low position; the Company adhered to the high dividend strategy of appropriate timing and the long-term value investment concept of selected individual stocks, which performed well; the Company actively deployed quantitative investment and continued to deepen the research on fund analysis and strategic allocation. Meanwhile, the Company carried out market-making business on the Beijing Stock Exchange in an orderly manner and achieved good investment performance; the Company continued to develop the market-making business on the Science and Technology Innovation Board, and currently provides market-making services for 6 stocks on the Science and Technology Innovation Board, and was recognised as the "2022 Pioneering Market Maker of Stocks on the Science and Technology Innovation Board" by the SSE.

In terms of FICC business, the Company steadily promoted the development of proprietary investment business, continuously innovated and promoted the coverage and expansion of proprietary trading to sales transactions, domestic customers to overseas customers, and interest rate varieties to FICC, and continued to improve the all-asset sales trading platform for institutional investors in domestic and overseas markets.

- The Company steadily increased the size of fixed income proprietary trading business, and continued to optimize its position structure. During the Reporting Period, the Company's spot securities trading volume in the interbank market increased by 24.9% year-on-year, the exchange-traded bonds trading volume increased by 177.2% year-on-year, and the interest rate swap trading volume increased by 86.9% year-on-year. The Company ranked among the top securities dealers in terms of spot securities trading volume in the interbank market, total trading volume of bonds and the interest rate swap trading volume.
- The Company continued to make breakthroughs in market making business. In 2023, the trading volume of the Company's market-making business in the interbank bond market increased by 12.3% year-on-year, of which the trading volume through the Bond Connect increased by 10.5% year-on-year, maintaining the leading position in the industry; the market-making business of the three major policy banks financial bonds continued to rank first in the market. During the Reporting Period, the Company was admitted as one of the first primary market makers of bonds on the SSE and the SZSE. The market making business of interest rate bonds and credit bonds on the SSE ranked first and fourth in the whole market, respectively. The market making business of interest rate bonds and credit bonds on the SZSE received Grade A ratings. Meanwhile, the Company was approved to become one of the first northbound Swap Connect quoting dealers, with the transaction volume ranking at the forefront of the market.

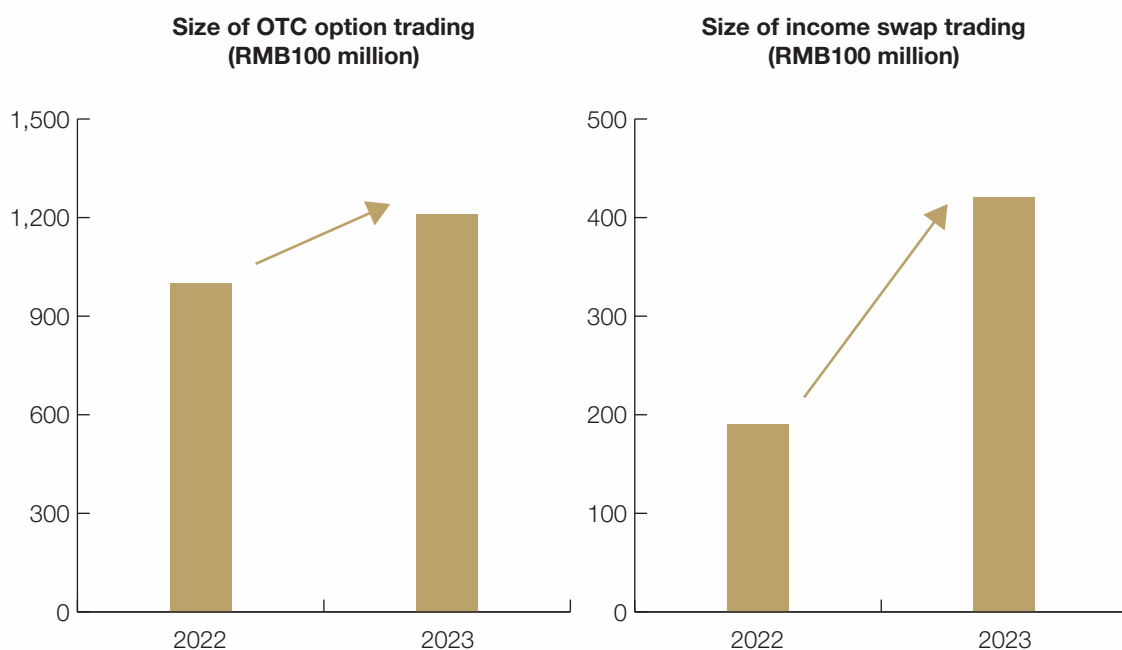
## Section III Report of the Board

- Steady progress was made in the innovative transformation of the FICC business. During the Reporting Period, the Company built the “Oriental Wisdom Business” brand to provide risk management solutions and financial instruments for enterprises; the Company obtained the qualification for trading of carbon emission rights, and completed the first trading of carbon emission rights and the first carbon quota forward SHEAF trading in Shanghai, and initially participated in the CCER transaction to fully support the green and low-carbon transformation; the Company participated in the central counterparty clearing business of CNY Mono Ethylene Glycol Swap, achieving a breakthrough of “zero” in DFZQ chemical swap transactions. In terms of foreign exchange business, the Company optimized interbank lending arbitrage and resource allocation, continued to promote the infrastructure construction of quantitative trading, realizing foreign currency centralized clearing on the CFETS platform. Furthermore, the Company launched the two-side centralized clearing function for foreign exchange transactions, achieving breakthroughs in foreign exchange agency business under both current account and capital account. The FICC OTC derivatives business experienced rapid expansion with significant increase in OTC options related to interest rates, commodity and foreign exchange.
- During the Reporting Period, the Company was awarded the “Second Prize of 2021-2022 Shanghai Financial Innovation Achievement Award”, the “Outstanding Market Maker for Northbound Trading” by Bond Connect Company Limited, the “Best Contribution Award for the 10th Anniversary of the Listing of Treasury Bond Futures (2013-2023)” by China Financial Futures Exchange, the “Innovation Cooperation Award” and the “Outstanding Market Maker” by China Development Bank, the “Best Securities Firm Serving ‘Sannong’” and the “Outstanding Market Maker” by Agricultural Development Bank of China, the “Outstanding Market Maker” and the “Award for Supporting the Construction of Modern System Industry” by the Export-Import Bank of China.

## Section III Report of the Board

In terms of financial derivatives business, during the Reporting Period, the Company strengthened collaboration in the Group, established the Orient Derivatives business brand, and assisted in the construction of all-asset sales trading platform for institutional investors in domestic and overseas markets. In particular, for market-making business, the Company seized the opportunity from rapid development of the scale of derivatives market, and made every effort to promote strategic goals by increasing system construction and strategy optimization. The overall business scale increased by 50% year-on-year, and the Company obtained the qualification of primary market maker for more varieties; the total number of option market making varieties increased from 12 at the beginning of the period to 23, and the number of fund market making varieties increased from more than 60 to more than 100. In the 2023 market maker rating, the option market making business of the Company was received the highest AA rating of the stock exchange. The fund market making business was received the highest AA rating of the SZSE, the annual A rating of the SSE and the highest A rating of the Shanghai Shenzhen Fund Connect platform during the same period. In terms of quantitative business, the Company continued to prudently increase investment in self-developed quantitative multi-strategy, striving to reduce the correlation between strategies and obtain stable income. In terms of OTC business, the Company continued to explore business models, enrich product structure, expand counterparties and enhance market activity; in particular, in terms of OTC options business, on the basis of controlling the Greeks risk, the Company optimized the trading structure and maintained steady business development. During the Reporting Period, the trading volume was RMB120.66 billion, representing a year-on-year increase of 16.8%; in terms of income swaps business, the Company continued to expand the transaction scale and cover more customers. During the Reporting Period, the transaction volume was RMB43.951 billion, representing a year-on-year increase of 134.30%. During the Reporting Period, the Company won a number of major awards for options, funds and futures market making business, including both “Outstanding Option Market Maker” and “Outstanding ETF Liquidity Provider” by the SZSE, the “Stock and Options Market Development Contribution Award” by the SSE, the “Bronze Award for Outstanding Market Maker of Stock Index Options” by the China Financial Future Exchange and the “Gold Award for Market Making Business” by the Shanghai Futures Exchange.

## Section III Report of the Board



### Development plan and outlook

In terms of proprietary equity investment business, the Company will continue to deepen investment research, and increase investments in talent development and hardware equipment in the field of quantitative strategies and FOF; the Company will continue to expand the market-making business on the BSE and the Science and Technology Innovation Board, and select high-quality enterprises to become market-making targets to create stable income.

In terms of FICC business, the Company will optimize bond allocation and trading, improve credit risk management, strengthen the core advantages of market-making business, enrich trading strategies, and explore low-risk trading opportunities in the market. In the future, the Company will further promote the development of the all-asset sales trading platform for domestic and overseas institutions, and facilitate the transformation of FICC business towards sales trading and agency business.

## Section III Report of the Board

In terms of financial derivatives business, the Company will further strengthen the construction of market making business system and strategy, maintain a leading position in the industry, and further strengthen the close cooperation with leading fund companies; in terms of OTC options business, the Company will continue to expand private equity and institutional clients, innovate trading strategies, properly carry out on-site and off-site hedging, explore new trading models, continue to expand the scale of income swap business, and focus on increasing the investment in capital intermediary business.

### *Innovative investment*

The Company engages in alternative investment business through Orient Securities Innovation, a wholly-owned subsidiary of the Company. The business of Orient Securities Innovation mainly involves equity investment, special asset acquisition and disposal and quantitative investment.

### *Market environment*

In terms of equity investment business, due to factors such as the phased tightening of IPO and the correction of the capital market, the pricing in the primary market was revalued, and the exit path of projects was restricted, and equity investment faced various challenges. In terms of non-performing asset business, opportunities lie within challenges. In the context of the real estate downturn, the non-performing default ratio and the overall non-performing loan scale of commercial banks continued to grow, and good opportunities for asset acquisition emerged in the market, while the price and cycle of asset disposal were also under market pressure.

## Section III Report of the Board

### Operation initiatives and business development

Orient Securities Innovation continuously optimized the allocation structure based on the investment terms and risk levels of different assets to enhance the stability of returns.

The Company steadily developed its equity investment business. During the Reporting Period, focusing on supporting “hard-core technology and domestic substitution” and other national self-control sectors and adhering to the investment idea of “growth-oriented and reasonable valuation”, Orient Securities Innovation fully explored high-quality projects. Orient Securities Innovation actively expanded the market cooperation channels, made full use of market-oriented resource capabilities and information capabilities to carry out flexible cooperation; Orient Securities Innovation established strategic relationships with universities to fully connected projects and facilitate further development in chip, computer software and hardware, enterprise-level Internet applications and new energy sectors; Orient Securities Innovation emphasized on exploring new opportunities for further investment in high-quality invested projects. As at the end of the Reporting Period, Orient Securities Innovation had 105 existing equity investment projects with an investment scale of over RMB4.801 billion. 5 projects had applied for IPO and were accepted, and 1 project was successfully issued. In addition, Orient Securities Innovation proactively participated in co-investment on the Science and Technology Innovation Board and made co-investment in a total of 10 projects with an investment scale of RMB549 million as at the end of the Reporting Period.

Orient Securities Innovation steadily promoted special asset acquisition and disposal business, put more efforts in liquidating its existing projects and reserved new project actively, and built up its comprehensive operation capability in the areas of mergers and acquisitions, restructuring and full chain integration to consolidate its core competitiveness. While investing in assets, Orient Securities Innovation also attached importance to the security of underlying assets, with a focus on assets in core areas such as Shanghai, Guangzhou, Shenzhen and Chengdu. As at the end of the Reporting Period, Orient Securities Innovation had 23 existing special asset disposal projects with an investment scale of RMB1.912 billion.

### Development plan and outlook

In terms of equity investment business, Orient Securities Innovation will improve the post-investment management of existing projects, while carefully deploying early and mature cash flow projects, and actively expand to secondary fund and other new sectors. In terms of special asset acquisition and disposal business, Orient Securities Innovation will adhere to the bottom-line thinking, seek progress while maintaining stability, lay out core areas, select sound projects, strengthen innovation, enhance industry influence and give play to the scale effect.

## Section III Report of the Board

### *Securities research*

#### Market environment

During the Reporting Period, with the introduction of a series of policies, the competition in the securities research business intensifies. In response, the Company adheres to the overall strategic direction of “extensive research”, utilizes the overall advantages of its investment research business, and improves the quality of its research services, thereby providing services to various segments internally to bring incremental value, and obtaining external recognition from institutional clients to achieve performance contribution.

#### Operation initiatives and business development

During the Reporting Period, the Company carried out thorough research on fundamentals, focused on building a systematic framework for each research area, followed rigorous research methodology and research logic, and strived to improve the capability of researchers and the quality of research reports. Meanwhile, the Company strengthened research collaboration between corporate and industry teams and between upstream and downstream industries, continued to create in-depth and high-quality research products, and enhanced research and management efficiency through information technology and other means. As at the end of the Reporting Period, the Company’s securities research business had a total of 95 researchers, including 73 with analyst qualifications and 31 with investment consultancy qualifications, and published a total of 2,822 research reports.

With respect to external commissions, the Company cultivated the public offering market and strived to improve the market share leveraging institutional customers. Besides, it expanded customer coverage and actively explored non-public offering customers. During the Reporting Period, the Company realized commission income of RMB471 million, of which the public offering commissions (including special accounts, social security and annuity seats) accounted for RMB441 million, with a trading volume of publicly offered funds accounted for 2.35%. According to the data of Wind, in the first half of 2023, the Company’s public offering commission income was RMB316 million, and the commission earning seats accounted for 3.27% and ranked 7th, a rise of two places as compared with 2022. At the same time, 31 new institutional customers were added, including 4 public offering customers and 27 customers of private placement, insurance and proprietary business of securities firms.



## Section III Report of the Board

During the Reporting Period, led by the Securities Research Institute, the Company continued to facilitate integration within the Group with focus on “identifying, analysing and solving problems” in order to promote project implementation and business development. In particular, the Company put great efforts in making collaborative breakthrough with focus on new customer development, collaborative implementation of sales transactions, integration of investment and research and talent cultivation and daily management of collaboration within the Group, and made comprehensive progress in strategic client activation, overseas client development and collaborative development with corporate clients.

During the Reporting Period, the Company won the second place of the “Most Featured Research Institution” in Selection of Best Securities Analyst by the 5th Sina Finance’s Golden Kirin and the ninth place of the “New Fortune Best ESG Practise Research Institution”.

### Development plan and outlook

Under the current environment of policy of reducing commissions for publicly offered funds, increasingly fierce competition in securities research business and serious homogeneity of seller research, the Company will strive to give full play to the advantages of investment research, improve the quality of research services, promote the coordinated development of business internally, and strive to be recognised by external institutional customers, and actively convert them into incremental value for the Company as a whole.

#### (4) *Investment Banking*

The Company mainly engages in investment banking business through Orient Investment Banking, a wholly-owned subsidiary of the Company, and the Fixed Income Business Department and the Investment Banking Business Department (planned). In particular, the principal businesses of Orient Investment Banking are stocks underwriting and sponsoring, underwriting of corporate bonds, enterprise bonds, financial bonds and other bonds, and financial advisory services relating to M&A and restructuring and enterprise reform. The Fixed Income Business Department is principally engaged in underwriting of government bonds, policy financial bonds and debt financing instruments of non-financial institutions. The business of recommendation of listing on NEEQ has been transferred from Orient Investment Banking to the Investment Banking Business Department (planned) of the Company in August 2022.

During the Reporting Period, investment banking business realized operating income of RMB1.622 billion, accounting for 5.60% of total income.

## Section III Report of the Board

### *Stock underwriting*

#### *Market environment*

During the Reporting Period, with the implementation of the Main Board registration system, the stock issuance and registration system with information disclosure as the core was fully implemented. However, the macroeconomic situation was still disturbed by geopolitical risks, interest rate hike cycle expectations, trade risks and other factors, which affected the global capital market, and the overall pace of A-share financing in 2023 slowed down. According to the data of Wind, a total of 313 initial public offerings of A Shares were listed in 2023, representing a year-on-year decrease of 26.87%, and the size of financing amounted to RMB356.539 billion, representing a year-on-year decrease of 39.25%. The number of refinancing and financing scale also declined, and 331 issuers completed issuance of additional shares (including asset portion), representing a year-on-year decrease of 6.76%. The size of financing amounted to RMB578.951 billion, representing a year-on-year decrease of 19.92%; the number of convertible bonds financing was 138, representing a year-on-year decrease of 9.80%, and the size of financing amounted to RMB140.574 billion, representing a year-on-year decrease of 48.61%.

#### *Operation initiatives and business development*

During the Reporting Period, Orient Investment Banking completed 15 equity financing projects with lead underwriting amount of RMB12.930 billion. In particular, it participated in 7 IPO projects as the lead underwriter with total underwriting amount of RMB6.826 billion, including a number of strategic emerging industry enterprises or national-level specialised and new enterprises such as Xishan Sci & Tech, VMAX, Fengmao Tech and Wuxi Jinghai. For secondary offering, Orient Investment Banking participated in the underwriting of 8 projects of issuance of additional shares and convertible bonds with lead underwriting amount of RMB6.104 billion. In particular, the Company led the underwriting of 4 convertible bond projects, with a lead underwriting scale of RMB3.839 billion, ranking among the top ten in the industry in terms of number and scale. The Company took the promotion of high-quality financial development as its own responsibility, firmly seized the opportunities of capital market reform and development, continuously enhanced its ability to serve the real economy, and provided customers with high-quality and professional investment banking services.

During the Reporting Period, with strict control of project quality, the Company assisted 5 enterprises in passing the IPO administrative review and 8 enterprises in passing the refinance administrative review, with a passing rate of 100%.

## Section III Report of the Board

The table below sets forth the breakdown of equity financing transactions with the Company acting as the lead underwriter:

(in RMB million)	2023	2022
<b>IPO:</b>		
Number of issuance	7	8
Amount underwritten as the lead underwriter	6,826.33	7,722.09
<b>Secondary offering:</b>		
Number of issuance	8	16
Amount underwritten as the lead underwriter	6,103.77	15,656.87
<b>Total:</b>		
Number of issuance	15	24
Amount underwritten as the lead underwriter	12,930.10	23,378.96

During the Reporting Period, Orient Investment Banking won the “2023 Chinese Securities Industry Rising Investment Bank Junding Award” and the “2023 Chinese Securities Industry Equity Financing Investment Bank Junding Award” in the selection of Junding Award for Investment Banks in China’s Securities Industry by Securities Times, and was awarded the “Best Investment Banking Business Elite Team – IPO Project” in the 16th Best Investment Bank Selection by New Fortune.

### Development plan and outlook

Orient Investment Banking will continue to increase support for the real economy of strategic emerging industries such as scientific and technological innovation, advanced manufacturing, and green development, continuously improve its own practise level, optimise the Company’s internal risk management, strengthen the construction of compliance culture, comprehensively improve the practise quality and valuation and pricing ability of the whole process, expand the business layout of serving innovative small and medium-sized enterprises, enrich the project reserve, and continue to build the green financial characteristics of “Energy Investment Bank”.

## Section III Report of the Board

### *Bond underwriting*

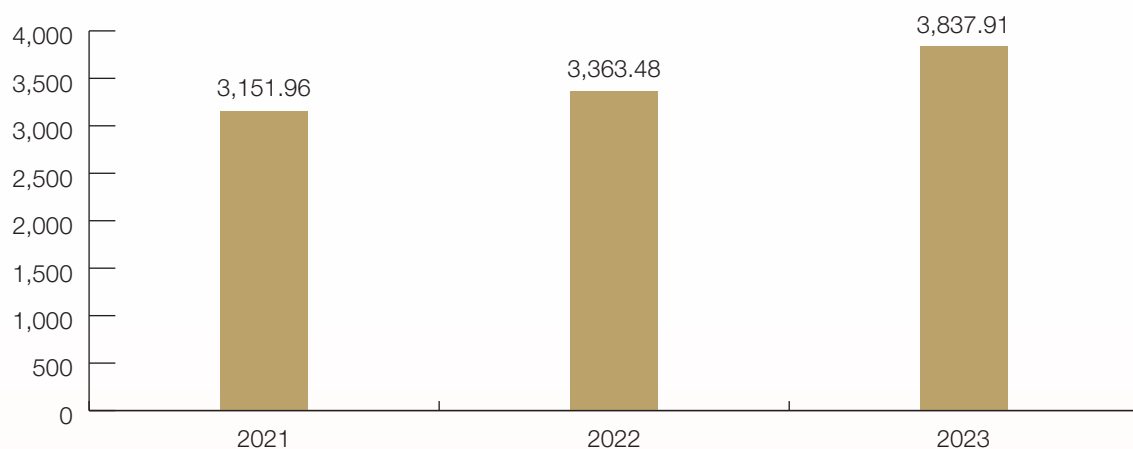
#### *Market environment*

In 2023, the Central Economic Work Conference proposed that “a prudent monetary policy should be flexible, moderate, accurate and effective”, and the overall liquidity in the financial system remained reasonably abundant. The central bank promoted the steady decrease in the financing cost of the real economy through the policy of multiple cuts in interest rates and required reserve ratios. Regulatory authorities continued to strengthen supervision over the control of local implicit debt growth and reduction of existing debt, comprehensively tightened the approval policy of urban investment companies, and vigorously supported the financing of industrial enterprises. In 2023, the size of bonds issued amounted to RMB71.04 trillion in total, of which the size of credit bonds issued amounted to RMB18.98 trillion, both saw an increase as compared with 2022.

#### *Operation initiatives and business development*

During the Reporting Period, the Company conducted 755 lead underwriting projects, with a total underwritten amount of RMB247.047 billion. According to Wind, the total underwriting size of DFZQ’s bond underwriting business amounted to RMB383.791 billion, ranking 8th in the market.

**Total underwriting size of the Company’s bond underwriting business on a consolidated basis (RMB 100 million)**



## Section III Report of the Board

In 2023, Orient Investment Banking has consistently maintained stable and compliant operations in its bond business, strictly controlled risks and achieved remarkable results, with bond projects maintaining zero default and a good level of risk control. Meanwhile, the effect of regional development has shown, the number of high-quality customers has increased, and the number of projects has increased. Orient Investment Banking has continuously innovated its corporate bond offerings, expanded its client base in various industries, and enhanced its customer service capabilities. During the Reporting Period, it issued multiple innovative bonds including green corporate bonds, corporate bonds for science and technology innovation, corporate bonds for innovation and entrepreneurship, green financial bonds and affordable housing ABS, in order to serve the real economy and implement national strategies. During the Reporting Period, Orient Investment Banking was awarded the 2022 Class A Corporate Bond Lead Underwriter Evaluation by the Securities Association of China, the 2023 “Outstanding Underwriter of Corporate Bonds” and the “Outstanding Underwriter of Industrial Bonds” by the SSE, and won the “Best Investment Bank for Debt Underwriting” in the 16th Best Investment Bank Selection by New Fortune, the “2023 Chinese Securities Industry Bond Financing Investment Bank Junding Award” by Securities Times, and the 22 Jinqiao Bond Project was awarded the “2023 Chinese Securities Industry Junding Award for Supporting Projects of Central SOEs and SOEs”.

During the Reporting Period, the Company continued to maintain an industry leading position for its interest rate bond business. In particular, the Company recorded a year-on-year increase of 5.06% in the size of treasury bond underwriting, ranked second among securities dealers in terms of underwriting of CDB and Agricultural Development Bank of China financial bonds, and ranked among the top three securities dealers in terms of book-entry treasury bond underwriting. The size of debt financing instruments underwritten by the Company as the lead underwriter amounted to RMB40.216 billion, ranking eighth among securities dealers. The Company actively responded to the national strategy, leveraged its business advantages to serve key tasks such as scientific and technological innovation, green development and rural revitalization, continued to facilitate the underwriting of thematic bonds of policy banks, ESG bonds and technological innovation notes, actively participated in the underwriting of multiple green bonds and thematic bonds issued by the three major policy banks, and underwrote 50 credit bonds and local bonds ESG bonds. The total underwriting amount of ESG bonds was RMB7.041 billion. In addition, the Bank underwrote 43 technological innovation notes with a total amount of RMB2.771 billion. During the Reporting Period, the Company won the “Cross-border Subscription Innovation Award” by Bond Connect Company Limited, the “Outstanding Underwriter”, “Green and Low Carbon Pioneer Award” by China Development Bank, the “Outstanding Underwriter” by Agricultural Development Bank and the “Outstanding Underwriter” by Export-Import Bank.

## Section III Report of the Board

The table below sets forth the breakdown of bonds underwritten by the Company as lead underwriter:

(in RMB million)	January – December 2023	January – December 2022
<b>Corporate debentures:</b>		
Number of underwriting as lead underwriter	367	228
Amount underwritten as lead underwriter	135,138	119,911
<b>Corporate bonds:</b>		
Number of underwriting as lead underwriter	10	21
Amount underwritten as lead underwriter	2,978	9,747
<b>Financial bonds:</b>		
Number of underwriting as lead underwriter	40	36
Amount underwritten as lead underwriter	29,007	29,679
<b>Asset-backed securities:</b>		
Number of underwriting as lead underwriter	116	129
Amount underwritten as lead underwriter	18,135	29,280
<b>Debt financing instruments of non-financial enterprises:</b>		
Number of underwriting as lead underwriter	124	61
Amount underwritten as lead underwriter	40,216	23,576
<b>Local government bonds:</b>		
Number of underwriting as lead underwriter	98	30
Amount underwritten as lead underwriter	21,574	11,060
<b>Total:</b>		
Number of underwriting as lead underwriter	755	505
Amount underwritten as lead underwriter	247,047	223,253

## Section III Report of the Board

### *Development plan and outlook*

In the future, the Company will continue to strictly control the quality of bond projects, prioritize diverse, high-quality and international projects, actively serve high-quality clients, and fulfill social responsibilities and the requirements of national policies. Orient Investment Banking will continue to develop the existing advantageous areas and explore new key areas; it will strengthen the collaboration within the Group, further optimize the synergy mechanism, deepen cooperation, and further play the leading role of investment banking in the synergy business; it will optimize team building, enhance the coverage of major customers, improve comprehensive financial services, and improve income level.

### *Financial advisory services*

#### *Market environment*

In 2023, the domestic M&A market remained at a relatively subdued. According to relevant statistics, the number of approved projects subject to administrative review/registration has been on a downward trend in the past eight years, from over 200 in 2016 to more than 20 in 2023. In terms of cross-border business, under the current background of global economic recovery and affected by factors such as geopolitical risks, regulatory environment and financial market fluctuations, the number and disclosure amount of overseas M&A transactions with Chinese enterprises remained low.

#### *Operation initiatives and business development*

In 2023, the Company completed a total of 5 financial advisory projects for M&A and restructuring (not involving the registration with the CSRC), with a transaction amount of nearly RMB6 billion. At the same time, the Company assisted 3 listed companies in launching a share issuance plan to purchase assets, of which the project of the cross-border acquisition of a leading equipment manufacturer in the field of photonics and semiconductor automation packaging and testing by RoboTechnik is in the exchange review stage. The Company continued to develop the financial advisory business for bankruptcy restructuring. Following the completion of the bankruptcy restructuring project of ST Unifull in 2022, the Company assisted Macrolink in completing the bankruptcy restructuring in 2023, laying a foundation for further expansion of such projects in the future. During the Reporting Period, the Company won the “Chinese Securities Industry Junding Award for Financial Advisor for M&A and Restructuring”.

## Section III Report of the Board

### Development plan and outlook

In the future, Orient Investment Banking will focus on advantageous industries, and put efforts in enterprises with leading advantages in communications and chemical, advanced manufacturing, automobile, medical and consumer products sectors. In addition, Orient Investment Banking will actively develop innovative businesses opportunity such as financial advisory services for bankruptcy restructuring, thereby capturing the future opportunities of capital operation business of listed companies; focus on the internationalization needs of high-quality listed company customers and meet their needs for overseas market financing and business development through domestic and overseas coordination.

### (5) Headquarters and Others

Headquarters and others business of the Company mainly include the headquarters' treasury business, overseas business and financial technology business. During the Reporting Period, the headquarters and others business realized operating income of RMB5.523 billion, accounting for 19.06% of total income.

#### Treasury business

##### Market environment

During the Reporting Period, the global economy slowly recovered with obvious differentiation, the overall domestic capital was stable, and the economy was recovering from the ups and downs. The state stepped up counter-cyclical adjustment, made comprehensive use of various monetary policy tools and structural tools, increased support for inclusive small and micro enterprises, and promoted the stable with slight declines of social financing costs.

##### Operation initiatives and business development

During the Reporting Period, guided by serving the overall strategic goals, the Company solidly promoted the treasury business with focus on four functions of liquidity risk management, capital operation and reserve management, debt financing management and peer customer and product management. The Company took multiple measures to consolidate the efficiency of liquidity management and continued to promote the construction of liquidity risk management system. As at the end of the Reporting Period, the liquidity coverage ratio and net stable capital ratio of the Parent Company were 203.97% and 131.89%, respectively, which remained above the early warning value throughout the year. The Company promoted the digitalization of fund management, strengthened its capital intake and outflow capacity, improved the security and profitability of reserves, and completed the cross-border RMB remittance and transfer business of CIPS, becoming the first securities company in the industry to implement such business; the Company continued to issue bonds to consolidate capital strength, and took multiple measures to reduce the comprehensive cost of external debts; the Company deeply explored the potential of bond investors and refined the operation of cash product lines.



## Section III Report of the Board

### Development plan and outlook

The Company will continue to strengthen its liquidity risk management capabilities, improve the liquidity management mechanism of subsidiaries by broadening the coverage, refine the indicator monitoring, and strengthen the consideration of capital cost management; the Company will promote the establishment of a comprehensive new generation fund management platform and further improve the fund management system by digital means; the Company will coordinate the issuance of domestic and overseas debts and the payment of principal and interest, safeguard the safety of indicators, and control financing costs; the Company will scientifically integrate peer resources, strengthen intra-group collaboration with products as the carrier, and help improve the ability to acquire and serve customers through differentiated positioning and services.

### Overseas business

#### Market environment

During the Reporting Period, the international situation was complex and volatile, the geopolitical situation, the risk events of the banking industry in Europe and the United States and the high interest rate of USD benchmark, the overall capital market fluctuated greatly, and the stock and bond market was deeply adjusted. The Hang Seng Index fell by 14% for the year, the total amount of funds raised from initial public offerings in the Hong Kong stock market dropped by 56% year-on-year, the average daily trading volume in the Hong Kong stock market dropped by 16% year-on-year, and the index of Chinese-issued US dollar bonds and high yield index recorded an increase of 4% and a decrease of 15%, respectively.

#### Operation initiatives and business development

The Company engages in overseas business through Orient Finance Holdings and Orient Securities International and their subsidiaries. In particular, as the Group's international business platform, Orient Securities International conducts securities brokerage, futures brokerage, asset management, investment banking, margin financing and securities lending and other businesses through wholly-owned subsidiaries licensed by the SFC.

During the Reporting Period, the Company actively responded to the complex and ever-changing market environment, strengthened the implementation of regulatory requirements, deepened research on international development, and improved the operational governance of overseas subsidiaries. The Hong Kong Company adhered to the principles of reducing risks, adjusting structure and controlling costs, continuously enhanced the stability of investment business, strengthened the foundation of intermediary business, deepened collaboration within the Group and promoted the balanced adjustment of business structure, thus making steady progress in sustainable international development.

## Section III Report of the Board

The Company reduced risks and adjusted models of proprietary business, and improved sales and trading capabilities. In particular, the fixed income proprietary investment business strengthened access control, enhanced credit rating and diversification, strictly controlled asset quality, and promoted the transformation of our investment approach from a transactional focus to a more strategic allocation-oriented model. For financial market business, the Company continued to enhance its capabilities in note transactions with a mature model, and the scale of on-balance sheet note increased by 74% during the Reporting Period. The Company enriched risk-neutral trading strategies, and executed spread arbitrage trading and the synergy between the Group's foreign exchange and equity agency business.

The Company adjusted the structure of its brokerage business with the expansion of development focus to local market coverage, and strengthened institutional cooperation and channel expansion. The Company strengthened the qualifications of brokerage business and improved service capabilities. The Company strengthened the sales of wealth management. During the Reporting Period, the Company achieved a year-on-year increase of 98% in incremental scale of product sales, and won the “Best Wealth Management Award” and “Best Performance Award in Financial Technology” in the Golden Central Awards. Meanwhile, the Company diversified its institutional customer groups, while improving the quality of research services for overseas markets. During the Reporting Period, the Company provided a total of 583 analyst meeting activities, representing a year-on-year increase of 12%.

The Company expanded the scale and optimized the layout of asset management business. The Company provided personalized solutions based on customer needs, and added 17 new special accounts. It improved its product portfolio and launched a number of innovative product funds, including the issuance of a new hybrid publicly offered fund, Dongfanghong Dynamic Strategy Fund, and the establishment of a fund-raising fund to help all two companies listed on the Hong Kong Stock Exchange under the De-SPAC model to raise funds, and completed QDII products through the Group's collaboration. During the Reporting Period, the Company won the I&M 2023 Professional Investment Awards – China Bonds, Onshore (5 Years).

The investment banking business continued to deepen collaboration within the Group. During the Reporting Period, the Company completed 2 equity underwriting projects and 38 bond underwriting projects of Orient Securities International, with a year-on-year increase of 77% in total underwriting amount. Among them, the Company completed the global first Lu'ao dual-listed bond underwriting project traded on the Euro MTF in Luxembourg, and was awarded the “Primary Market Innovation Award” by Bond Connect Company Limited.

## Section III Report of the Board

### Development plan and outlook

In the future, the Hong Kong Company will balance risks and returns and enhance risk management capabilities. The Company will complete the transformation of fixed income proprietary investment business model, improve the intermediary business capability, further integrate into the building of “Unified Orient”, and establish a stable, balanced and sustainable profit model to develop the comprehensive international strength.

### Financial technology

#### Market environment

The report of the 20th National Congress of the Chinese Communist Party proposed a major strategic plan to accelerate the development of the digital economy. The Central Financial Work Conference held at the end of October 2023 has proposed the goal of building a financial powerhouse. During the Reporting Period, the Three-Year Plan for Enhancement of Network and Information Security of Securities Companies was released, which clarified the overall goal, main tasks and implementation path of comprehensively improving the network and information security of securities companies in the next three years. In recent years, the securities industry has continued to increase investment in information technology and promoted digital transformation, laying a solid foundation for the high-quality development of the industry.

#### Operation initiatives and business development

The Company facilitated business development and formed the dual drivers and in-depth integration of technology and business. For proprietary investment business, the proprietary platform assisted the launch of the bond ETF market making business on the SSE and the SZSE, and the Company set up the Orient Securities flagship store of the Foreign Exchange Trading Center to fully realize the independent research and development of trading. For wealth management business, the Company steadily constructed a new generation core business system, launched a new generation OTC trading system, option trading system and bond settlement trading system, and the Orient Integrated Account built a comprehensive unified view of Orient customers. The Orient Speed Trading (OST) system launched the dual-financing centre trading system, and its performance speed has always ranked among the top in the industry. The Finoview intelligent investment research platform enhanced the security of underlying core database and data assets, and continuously improved the ability to provide precise services for customers. Digital product sales and internet operation drove the continuous growth of users and retained assets.

## Section III Report of the Board

The Company enhanced the quality and efficiency of management and promoted the construction of intelligent compliance control platform and risk control system of the Group, to accelerate collective and intelligent operation of the risk management and control. The operation and management system provided panoramic support for each business segment, and the Company launched a comprehensive budget management system to build an industry-leading digital and intelligent management system of capital and finance. IT digital management platform helped process standardization and management model transformation. The Company has obtained two standard certifications, namely Integration Management System of Informatization and Industrialization and Data Management Capability Maturity Level 3.

The Company implemented middle platform strategy and the four capability centers of information, market information, products and certification continued to enhance the capability of the shared business middle platform. As the artificial intelligence and blockchain platform continued to broaden the boundaries of innovation capabilities, the Company actively explored the application research of large language model in intelligent Q&A, code assist, intelligent office and other fields, built an intelligent search Q&A engine, and has been applied the engine in the investment research field of asset management subsidiaries and futures subsidiaries. The data middle platform covered the whole process of data services and the entire market of the securities industry, which demonstrated a significantly improved platform capability. The Company standardized the structure review mechanism, and deepened and substantiated the structure transformation and the large middle platform strategy.

The Company strengthened information security. The Company continued to adopt data applications on the intelligent operation maintenance platform, assisted in the development of innovative businesses and the smooth operation of businesses, and improved the automating capacity management.

During the Reporting Period, the Company won the second prize of the Shanghai Financial Innovation Award, the third prize in the FinTech Development Award of the People's Bank of China, the first prize of the industry joint research project of the IT R&D Centre (Shanghai) of Securities Industry, and the National Innovation Practise Case of Smart Enterprise and others.

## Section III Report of the Board

### Development plan and outlook

In 2024, the Company will take “achieving the ultimate customer experience, providing convenient work process for employees, implementing the management strategy, sharing resources among subsidiaries” as the main goals of the Group’s digital transformation. Upholding the concept of integrated development driven by both technology and business, the Company, guided by party building, customer-oriented and group-oriented ideas, guaranteed by safety production, and focusing on team building, will give full play to the empowerment and leading role of information technology, and enhance the innovation drive in technology, business, organizational management and ecological cooperation. Focusing on comprehensively improving the basic capabilities in six aspects of “independent research and development, data services, platform collaboration, governance and control, innovation and incubation, and customer conversion”, insisting on professionalism, the Company will help promote the high-quality development of the Company by benchmarking against leading enterprises.

### (ii) Major items in consolidated statement of profit or loss

#### 1. Revenue and other income

During the Reporting Period, the Group realized revenue and other income of RMB24.277 billion, up by RMB1.17 billion or 5.06% over the same period of last year. The change in revenue and other income was mainly attributable to the increase in the fee income of the futures brokerage business by our subsidiaries and the decrease in the income of sales of bulk commodities. Details were as follows:

Commission and fee income amounted to RMB10.298 billion, accounting for 42.42% of the total and representing an increase of 15.99%, which was primarily attributable to the increase in the fee income of the futures brokerage business.

Interest income amounted to RMB6.064 billion, accounting for 24.98% of the total and representing an increase of 6.65%, which was primarily attributable to the increase in interest income from stock pledge repurchase business and interest income from other debt investments.

Net investment gains amounted to RMB2.388 billion, accounting for 9.83% of the total and representing an increase of 25.67%, which was primarily attributable to the increase in gains from disposal of financial assets at fair value through profit or loss and gains from unrealised fair value change.

Other income and gains amounted to RMB5.527 billion, accounting for 22.77% of the total and representing a decrease of 16.80%, which was primarily attributable to the decrease in the income of sales of bulk commodities by our subsidiaries.

## Section III Report of the Board

Components of the Group's revenue and other income for the Reporting Period are set out below:

Unit: '000 Currency: RMB

Items	2023		2022		Changes	
	Amount	Proportion	Amount	Proportion	Amount	Proportion
Commission and fee income	10,298,336	42.42%	8,878,552	38.42%	1,419,784	15.99%
Interest income	6,064,164	24.98%	5,685,794	24.61%	378,370	6.65%
Net investment gains	2,387,769	9.83%	1,900,081	8.22%	487,688	25.67%
Other income and gains	5,527,120	22.77%	6,642,936	28.75%	(1,115,816)	-16.80%
Total revenue and other income	24,277,389	100.00%	23,107,363	100.00%	1,170,026	5.06%

### 2. Total expenses

During the Reporting Period, total expenses of the Group amounted to RMB21.942 billion, up by RMB1.547 billion or 7.59% year-on-year, which was mainly attributable to the increase in fee expenses of futures brokerage business of by our subsidiaries and the decrease in cost of sales of bulk commodities. Details were as follows:

Staff costs were RMB4.565 billion, down by 1.58%, which was mainly attributable to the decrease in remuneration expense related to business income.

Interest expenses were RMB4.3 billion, up by 6.28%, which was mainly attributable to the increase in interest expenses on interbank lending and bond repurchase.

Commission and fee expenses were RMB3.364 billion, up by 298.31%, which was mainly attributable to the increase in fee expenses of futures brokerage business.

Depreciation and amortization expenses were RMB0.809 billion, up by 4.03%, which was mainly attributable to the increase in depreciation of fixed assets and right-of-use assets and amortization of intangible assets.

## Section III Report of the Board

Other operating expenses, including operation expenses, and tax and surcharges, were totally RMB7.653 billion, down by 15.32%, which was mainly attributable to the decrease in cost of sales of products by our subsidiaries.

Other impairment losses amounted to RMB0.222 billion, up by 1.47%, which was mainly due to the increase in the provision for impairment of investment in associates.

Credit impairment loss amounted to RMB1.03 billion, up by 23.68%, which was mainly due to the increase in provision for expected credit impairment loss of stock pledge repurchase business.

The components of total expenses of the Group in 2023 are set out as follows:

Unit: '000 Currency: RMB

Item	2023	2022	Changes	
			Amount	Proportion
Staff costs	4,564,804	4,638,113	(73,309)	-1.58%
Interest expenses	4,299,827	4,045,617	254,210	6.28%
Commission and fee expenses	3,363,740	844,499	2,519,241	298.31%
Depreciation and amortization	809,398	778,054	31,344	4.03%
Other operating expenses	7,652,584	9,037,388	(1,384,804)	-15.32%
Other impairment losses	221,947	218,726	3,221	1.47%
Credit impairment loss	1,030,199	832,930	197,269	23.68%
<b>Total</b>	<b>21,942,499</b>	<b>20,395,327</b>	<b>1,547,172</b>	<b>7.59%</b>

## Section III Report of the Board

### 3. Research and development investment

#### (1) Table of research and development investment

Unit: '000 Currency: RMB

Expenses of research and development investment of current period	355,289
Capitalized research and development investment of current period	145,014
Total research and development investment	500,303
Percentage of research and development investment of revenue (%)	2.06
Percentage of capitalized research and development investment (%)	28.99

#### (2) Table of research and development staff

Number of research and development staff of the Company (individual)	307
Percentage of staff of research and development of the total number of staff of the Company (%)	3.63

##### Educational background of research and development staff

Education level	Number of staff (individual)
Doctor	7
Master	181
Bachelor	118
Junior college graduate	1
High school and below	0

##### Age distribution of research and development staff

Age group	Number of staff (individual)
Below 30 (excluding 30)	49
30-40 (including 30 but excluding 40)	177
40-50 (including 40 but excluding 50)	73
50-60 (including 50 but excluding 60)	8
60 and above	0

### 4. Contribution to social welfare

In 2023, the Group invested a total of RMB25.7152 million in charitable donations and other public welfare activities.



## Section III Report of the Board

### 5. Cash flow

During the Reporting Period, the Company recorded RMB3.162 billion net decrease in cash and cash equivalents, including:

- (1) Net cash from operating activities amounted to RMB14.045 billion, which was mainly attributable to:
  - i. RMB28.701 billion of net cash inflow was attributable to the increase in financial assets sold under repurchase agreements and placements from banks and other financial institutions;
  - ii. RMB11.289 billion of net cash inflow was attributable to the decrease in cash and clearing settlement funds restricted or held on behalf of customers;
  - iii. RMB3.352 billion of net cash inflow was attributable to the profit before income tax.
- (2) Net cash used in investment activities was RMB13.071 billion, which was primarily attributable to: RMB15.926 billion of net cash outflow as a result of investment and disposal of financial investment.
- (3) Net cash used in financing activities amounted to RMB4.136 billion, which was mainly attributable to:
  - i. RMB2.408 billion of net cash outflow as a result of payment of interests of bonds, short-term payables and borrowings;
  - ii. RMB1.512 billion of net cash outflow as a result of dividends paid to shareholders and holders of other equity instruments.

**(iii) During the Reporting Period, the Company did not record any material change in profit as a result of non-major operations.**

## Section III Report of the Board

### (iv) Analysis on principal components of consolidated statement of financial position

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

As at the end of the Reporting Period, the Group achieved total assets of RMB383.69 billion, total liabilities of RMB304.93 billion and total equity of RMB78.76 billion. Analysis on items of consolidated statement of financial position is set out below:

Unit: '000 Currency: RMB

Items	As of the end of 2023		As of the end of 2022		Changes	
	Amount	Proportion	Amount	Proportion	Amount	Proportion
Total assets	383,690,462		368,066,959		15,623,503	4.24%
Cash and bank balances	104,093,142	27.13%	121,862,060	33.11%	-17,768,918	-14.58%
Clearing settlement funds	35,314,411	9.20%	29,106,272	7.91%	6,208,139	21.33%
Deposits with exchanges and non-bank financial institutions	3,241,547	0.85%	4,343,234	1.18%	-1,101,687	-25.37%
Derivative financial assets	1,877,650	0.49%	1,017,334	0.28%	860,316	84.57%
Advances to customers	21,071,801	5.49%	19,498,899	5.30%	1,572,902	8.07%
Account receivables	670,759	0.18%	908,399	0.24%	-237,640	-26.16%
Financial assets held under resale agreements	5,437,734	1.42%	8,610,881	2.34%	-3,173,147	-36.85%
Financial assets at fair value through profit or loss	97,069,644	25.30%	83,763,730	22.76%	13,305,914	15.89%
Debt instruments at fair value through other comprehensive income	90,813,713	23.67%	76,862,096	20.88%	13,951,617	18.15%

## Section III Report of the Board

Unit: '000 Currency: RMB

Items	As of the end of 2023		As of the end of 2022		Changes	
	Amount	Proportion	Amount	Proportion	Amount	Proportion
Equity instruments at fair value through other comprehensive income	6,298,178	1.64%	3,721,658	1.01%	2,576,520	69.23%
Debt instruments at amortized cost	1,586,591	0.41%	3,164,972	0.86%	-1,578,381	-49.87%
Deferred tax assets	2,079,575	0.54%	1,908,541	0.52%	171,034	8.96%
Investments in associates	6,253,974	1.63%	6,241,920	1.70%	12,054	0.19%
Right-of-use assets	557,334	0.15%	639,915	0.17%	-82,581	-12.90%
Investment property	165,413	0.04%	265,583	0.07%	-100,170	-37.72%
Properties and equipment	2,739,369	0.71%	2,130,467	0.58%	608,902	28.58%
Other intangible assets	286,724	0.07%	246,043	0.07%	40,681	16.53%
Goodwill	32,135	0.01%	32,135	0.01%	0	0.00%
Other account receivables, other receivables and prepayments	4,100,768	1.07%	3,742,820	1.012%	357,948	9.56%
Total liabilities	304,930,265		290,668,670		14,261,595	4.91%
Placements from banks and financial institutions	25,670,059	8.41%	8,352,456	2.87%	17,317,603	207.34%
Short-term financing bill payables	2,797,700	0.92%	8,300,603	2.86%	-5,502,903	-66.30%
Account payables to brokerage clients	111,570,987	36.59%	123,041,420	42.33%	-11,470,433	-9.32%
Financial assets sold under repurchase agreements	73,716,143	24.17%	62,299,523	21.43%	11,416,620	18.33%

## Section III Report of the Board

Unit: '000 Currency: RMB

Items	As of the end of 2023		As of the end of 2022		Changes	
	Amount	Proportion	Amount	Proportion	Amount	Proportion
Financial liabilities at fair value through profit or loss	15,301,834	5.02%	18,539,311	6.38%	-3,237,477	-17.46%
Derivative financial liabilities	874,202	0.29%	308,446	0.11%	565,756	183.42%
Contract liabilities	147,405	0.05%	64,505	0.02%	82,900	128.52%
Current tax liabilities	102,664	0.03%	233,603	0.08%	-130,939	-56.05%
Accrued staff costs	1,704,042	0.56%	2,129,721	0.73%	-425,679	-19.99%
Borrowings	1,700,024	0.56%	2,008,823	0.69%	-308,799	-15.37%
Lease liabilities	547,475	0.18%	645,777	0.22%	-98,302	-15.22%
Debt securities payables	60,157,845	19.73%	55,802,403	19.20%	4,355,442	7.81%
Deferred tax liabilities	35,936	0.01%	77,936	0.03%	-42,000	-53.89%
Other account payables, other payables and accruals	10,603,949	3.48%	8,864,143	3.05%	1,739,806	19.63%
Total equity	78,760,197		77,398,289		1,361,908	1.76%

Note: Percentages for assets and liabilities refer to the share in total assets and the share in total liabilities respectively.

### 2. Assets

As at the end of the Reporting Period, the Group's total assets reached RMB383.69 billion, an increase of RMB15.624 billion or 4.24% from the end of last year, which was mainly attributable to the increase in debt instruments at fair value through other comprehensive income and financial assets at fair value through profit or loss. Among the Group's assets, currencies, clearing settlement funds, deposits with exchanges and non-bank financial institutions and placements to banks and financial institutions amounted to RMB142.649 billion, a decrease of RMB12.662 billion from the end of last year, accounting for 37.18% of total assets. Financial investment and derivative financial assets amounted to RMB197.646 billion, an increase of RMB29.116 billion from the end of last year, accounting for 51.51% of total assets. Advances to customers, financial assets held under resale agreements and account receivables amounted to RMB27.18 billion, a decrease of RMB1.838 billion from the end of last year, accounting for 7.09% of total assets. Long-term equity investment, fixed assets and others amounted to RMB16.215 billion, an increase of RMB1.007 billion from the end of last year, accounting for 4.22% of total assets. During the Reporting Period, the Company maintained stable asset scale with rational structure and sufficient liquidity.

## Section III Report of the Board

### 3. Liabilities

As at the end of the Reporting Period, the Group's total liabilities reached RMB304.93 billion, an increase of RMB14.262 billion or 4.91% from the end of last year. The gearing ratio, net of account payables to brokerage clients, was 71.04%, an increase of 2.63 percentage points from the end of last year. In the Group's liabilities, borrowings, short-term financing bills payables, placements from banks and financial institutions, bonds payable and financial assets sold under repurchase agreements amounted to RMB164.042 billion, an increase of RMB27.278 billion from the end of last year, accounting for 53.79% of total liabilities. Financial liabilities held for trading and derivative financial liabilities amounted to RMB16.176 billion, a decrease of RMB2.671 billion from the end of last year, accounting for 5.31% of total liabilities. Account payables to brokerage clients amounted to RMB111.571 billion, a decrease of RMB11.47 billion from the end of last year, accounting for 36.59% of total liabilities. Accrued staff cost, current tax liabilities, contractual liabilities and others amounted to RMB13.141 billion, an increase of RMB1.124 billion from the end of previous year, accounting for 4.31% of total liabilities.

### 4. Borrowings and bond financing

As at the end of the Reporting Period, the Company's total borrowings and bond financing were RMB90.326 billion. Set out below is the breakdown of borrowings and bond financing of the Company as at the end of the Reporting Period:

Unit: '000 Currency: RMB

	As of the end of 2023	As of the end of 2022
Debt securities payables	60,157,845	55,802,403
Borrowings	1,700,024	2,008,823
Short-term financing bills payables	2,797,700	8,300,603
Placements from banks and financial institutions	25,670,059	8,352,456
Total	90,325,628	74,464,285

For details of interest rate and maturity profiles of borrowings and bonds financing, please refer to Notes 40, 41, 47 and 49 to the consolidated financial statements herein.

Except for the liabilities disclosed in this report, as at the end of the Reporting Period, the Company had no outstanding mortgage, charges, bonds, other debt capital, liabilities under acceptance or other similar indebtedness, lease purchase and finance lease commitment, guarantee or other material contingent liabilities.

## Section III Report of the Board

### 5. *Overseas assets*

The Company has overseas assets of RMB11.04 billion, accounting for 2.88% of total assets.

### 6. *Transactions between the Company and its overseas subsidiaries*

In accordance with relevant requirements of the Measures for the Administration of Overseas Establishment and Acquisition of, and Shareholding in, Operating Institutions of Securities Companies and Securities Investment Fund Management Companies (《證券公司和證券投資基金管理公司境外設立、收購、參股經營機構管理辦法》), the transactions between the Company and its overseas subsidiaries are as follows: as at the end of 2023, the Company's internal transactions with its overseas subsidiaries in both asset and liability items amounted to RMB0.06 billion, involving accounts receivable, other assets, payments for agency securities sales and other liabilities.

### 7. *Major assets subject to restriction as at the end of the Reporting Period*

For details, please refer to Note 18 to the consolidated financial statements herein.

## (v) Explanations on change in the scope of consolidation of the statements

1. As compared with the end of last year, the Group added 21 entities into its scope of consolidation during the year, which included 2 subsidiaries newly consolidated by Orient Finance Holdings, 2, 8, 2, 5, 1 and 1 structured entities newly consolidated by the parent company, Orient Futures, Orient Securities Capital Investment, Orient Securities Innovation, Orient Finance Holdings and Orient Securities Asset Management, respectively.
2. As compared with the end of last year, the Group excluded 6 entities from its scope of consolidation during the year, which included 1 subsidiary excluded by Orient Securities Capital Investment, and 5 structured entities excluded by Orient Finance Holdings.

## (vi) Analysis on industrial operations

### 1. *New establishment and disposal of the Company's securities branches and subsidiaries during the Reporting Period*

#### (1) *Capital change in subsidiaries*

- 1) During the Reporting Period, the Company increased capital contribution of RMB0.5 billion to Orient Securities Futures Co., Ltd., a wholly-owned subsidiary of the Company. Upon completion of the capital contribution, the registered capital of Orient Securities Futures Co., Ltd. changed from RMB3.8 billion to RMB4.3 billion. Such matter was considered and approved at the president office meeting of the Company. The purpose of capital increase is to further enhance the scale of business, capture market share, consolidate the capital strength of Orient Futures, replenish net capital and support the sustainable and steady development of Orient Futures.

## Section III Report of the Board

- 2) During the Reporting Period, the Company increased capital contribution of RMB0.3 billion to Shanghai Orient Securities Innovation Investment Co., Ltd., a wholly-owned subsidiary of the Company. Upon completion of the capital increase, the registered capital of Shanghai Orient Securities Innovation Investment Co., Ltd. changed from RMB7.2 billion to RMB7.5 billion. Such matter was considered and approved at the president office meeting of the Company. The purpose of capital increase is to further deepen the Group's synergy, meet the business development needs of subsidiaries and seize the development opportunities of equity business to effectively enhance the market competitiveness and risk resistance capacity of Orient Securities Innovation, and further optimize the Company's overall business layout and income structure.

(2) *The securities branches*

During the Reporting Period, the Company established 1 new securities branch, cancelled 1 securities branch, completed the change of address of 7 branches and the intra-city relocation of 8 branches. As at the end of the Reporting Period, the Company had 179 securities branches.

Details of the new establishment are as follows:

No.	Name of branch	Address
1	DFZQ Shanghai Pudong New Area Huanhu West Number One Road Securities Branch	Room 606, Units 859-863, Huanhu West Number One Road, Lin-gang Special Area, China (Shanghai) Pilot Free Trade Zone

## Section III Report of the Board

Details of cancellation are as follows:

No.	Name of branch	Address
1	DFZQ Fushun Qingyuan Securities Branch	Outlet No. 1, Building 26, Changling Street, Qingyuan Town, Qingyuan Manchu Autonomous County, Fushun, Liaoning Province, the PRC

Details of the change of address of branches are as follows:

No.	Name of branch	The change of address
1	DFZQ Shanghai Pudong New Area Qifan Road Securities Branch	Shop 140, 1/F, No.517 and Room 1517, Block B, South Building, No. 515 Qifan Road, Pudong New Area, Shanghai, the PRC
2	DFZQ Jinan Huaxin Road Securities Branch	Rooms 108, 1302-1307 and 1309, Licheng Finance Building, Block 7, Xinyuanxin Center, No.3 Huaxin Road, Licheng District, Jinan, Shandong Province, the PRC
3	DFZQ Shanghai Songjiang District Huting North Road Securities Branch	Rooms 901-8, 901-9, 901-10 and 901-11 of No. 1 and Room 127 of No. 5, Lane, 199 Huting North Road, Songjiang District, Shanghai, the PRC
4	DFZQ Yinchuan Minzu North Street Securities Branch	2/F, No. 12, Xingqing District, Yinchuan, Ningxia Hui Autonomous Region, the PRC
5	DFZQ Fushun Xinhua Street Securities Branch	Outlet No. 7, Building 20, Xinhua Street, Shuncheng District, Fushun, Liaoning Province, the PRC



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No.	Name of branch	The change of address
6	DFZQ Shanghai Jiading District Cao'an Highway Securities Branch	Room 106 and 107, 1/F and Room A204, 2/F, No. 1685 Cao'an Highway, Jiading District, Shanghai, the PRC
7	DFZQ Jiangmen Yingbin Middle Avenue Securities Branch	Suite 109, 110, 111-1 and 2208-2209, Block 1, No. 118 Middle section of Yingbin Avenue, Pengjiang District, Jiangmen, Guangdong Province, the PRC

The intra-city relocation of branches is as follows:

No.	Original name of branch	Current name of branch	Relocated address
1	DFZQ Shenyang Changjiang South Street Securities Branch	DFZQ Shenyang Changbai Third Street Securities Branch	1-3/F, No. 211 Changbai Third Street, Heping District, Shenyang, Liaoning Province, the PRC
2	DFZQ Shanghai Minhang District Nanjiangyan Road Securities Branch	DFZQ Shanghai Pudong New Area Dongyu Road Securities Branch	2/F, No.10, Lane 255, Dongyu Road, Pudong New Area, Shanghai, the PRC
3	DFZQ Chengdu Yizhou Avenue Securities Branch	DFZQ Chengdu Wanxiang South Road Securities Branch	2/F, No. 231-201 Wanxiang South Road, High-tech Zone, Chengdu, Sichuan Province, the PRC

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No.	Original name of branch	Current name of branch	Relocated address
4	DFZQ Shanghai Baoshan District Changjiang West Road Securities Branch	DFZQ Shanghai Baoshan District Changjiang West Road Securities Branch	Room A-B, 1/F and 2/F East Side, Building 5, No. 1788 Changjiang West Road, Baoshan District, Shanghai, the PRC
5	DFZQ Shanghai Baoshan District Yingao West Road Securities Branch	DFZQ Shanghai Hongkou District Quyong Road Securities Branch	No. 259 and 267A (1-2/ F), Quyong Road, Hongkou District, Shanghai, the PRC
6	DFZQ Taizhou Jiaojiang District Zhongshan East Road Securities Branch	DFZQ Taizhou Guangchang South Road Securities Branch	(Self-named) No. 44, 46, and 48 Guangchang South Road, Baiyun Street, Jiaojiang District, Taizhou, Zhejiang Province, the PRC
7	DFZQ Wuhan Yunxia Road Securities Branch	DFZQ Wuhan Qingnian Road Securities Branch	Unit 09-11, 16/F, China Overseas Center, No. 278 Qingnian Road, Jiangnan District, Wuhan, Hubei Province, the PRC
8	DFZQ Shanghai Xuhui District Zhaojiabang Road Securities Branch	DFZQ Shanghai Xuhui District Yunjin Road Securities Branch	Unit 05-08, 9/F, No. 700 Yunjin Road, Xuhui District, Shanghai, the PRC

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### (3) *Futures branch offices*

During the Reporting Period, the Company established 6 new branches and completed the intra-city relocation of 2 branches. As at the end of the Reporting Period, the Company had 10 futures subsidiaries and 35 futures branches.

Details of the new establishment are as follows:

No.	Name of branch	Address
1	Shenzhen Branch of Orient Securities Futures Co., Ltd.	4D, Nuode Financial Center, No. 1006 Fuzhong Third Road, Fuzhong Community, Lianhua Subdistrict, Futian District, Shenzhen, the PRC
2	Shenzhen Yitian Road Outlet of Orient Securities Futures Co., Ltd.	1006 B, New World Commercial Center, No. 6009 Yitian Road, Fuxin Community, Lianhua Subdistrict, Futian District, Shenzhen, the PRC
3	Suzhou Industrial Park Outlet of Orient Securities Futures Co., Ltd.	Room 1801, Building No. 1, Nisheng Plaza, No. 205 Suzhou Avenue West, Suzhou Industrial Park of China (Jiangsu) Pilot Free Trade Zone (in Suzhou)
4	Beijing First Branch of Orient Securities Futures Co., Ltd.	Room 09-10A, 37/F, Building No. 1, Jing Guang Centre, Hujialou, Chaoyang District, Beijing, the PRC
5	Wuhan Jiefang Avenue Outlet of Orient Securities Futures Co., Ltd.	Room 1702, Tongxin Commercial Building, No. 586 Jiefang Avenue, Qiaokou District, Wuhan, Hubei Province, the PRC
6	Wuhan Branch of Orient Securities Futures Co., Ltd.	2609 B-10, Building 1, No. 5 Tiandi Corporate Centre, No. 1628 Zhongshan Avenue, Jiang'an District, Wuhan, Hubei Province, the PRC

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The intra-city relocation of branches is as follows:

No.	Name of branch	Relocated address
1	Xi'an Outlet of Orient Securities Futures Co., Ltd.	No.904, 9/F, Block A, Building 2, Science and Innovation Incubation Base, National University Science Park, No. 755 Yanxingmen West Road, Yanta District, Xi'an, Shaanxi Province, the PRC
2	Shenyang Outlet of Orient Securities Futures Co., Ltd.	(2308), No. 49 Xinghua North Street, Tiexi District, Shenyang, Liaoning Province, the PRC

### 2. *Specific explanation on account standardization*

In strict compliance with the relevant requirements on account management by the CSRC and CSDCC, the Company further optimized its long-term account management mechanism, and made further standardized clean-up to the unqualified accounts, small-amount-dormant accounts and dormant accounts without risk management which had been put in separated reserve category. In 2023, the Company has totally standardized 16 unqualified capital accounts, 8 unqualified securities accounts; 932 activated small-amount-dormant capital accounts, 1,571 activated small-amount-dormant securities accounts; 23 activated dormant capital accounts without risk management, and 19 activated dormant securities accounts without risk management, all of which have been put in separated reserve category.

As at December 31, 2023, the Company had 3,181,001 capital accounts and 5,055,459 securities accounts, of which 2,690,798 and 4,485,522 were qualified capital accounts and qualified securities accounts respectively, 10,229 and 1,182 were unqualified capital accounts and unqualified securities accounts respectively, 446,402 and 554,428 were small-amount-dormant capital accounts and small-amount-dormant securities accounts respectively, and 33,572 and 14,327 were dormant capital accounts without risk management and dormant securities accounts without risk management respectively.

## Section III Report of the Board

### 3. *Development of innovative business and its risk control*

#### (1) *Analysis on development of innovative business*

During the Reporting Period, the Company carried out in-depth innovative business and achieved favourable results:

1. The innovative businesses of the Company have developed brand influence. During the Reporting Period, the Company's asset management business was carried out effectively. The net income of the asset management business of Orient Securities Asset Management maintained a leading position in the industry, and the "Dong Fang Hong (東方紅)" brand was well-known in the market. Orient Securities Asset Management and its products won seven awards including the "Five-Year Golden Bull Securities Firm Collective Asset Manager Award (2023)". China Universal operated steadily and made positive progress in international business, with the opening of its subsidiary in the United States, and the approval of the CSRC for its subsidiary in Singapore. The OTC derivatives business effectively expanded the number of counterparties, and the trading scale of OTC options, income swaps and income certificates increased significantly year-on-year, achieving a high yield. The Company promoted the transformation and development represented by the buyer's investment advisory business for wealth management business, with the scale of fund investment advisory reaching RMB14.36 billion, leading the industry in terms of service and influence. Pension business reached business cooperation with 7 large banks, including ICBC and BOCOM, and launched 156 pension products. Orient Futures continued to explore the financial innovation model of "insurance + futures + securities", playing an active role in helping poverty alleviation and serving rural revitalization.
2. The Company obtained numerous awards for its innovative business. During the Reporting Period, the Company won various awards for its innovative business, including the second prize of Shanghai Financial Innovation Achievement Award for "Fintech Empowerment and Assistance to the Construction of Shanghai Global Asset Management Centre – DFZQ International Integrated Financial Service Platform", the inclusion of four projects of "Issuance of REITs to Assist Enterprises in Resumption of Work and Production", "Assistance to the Construction of China Three Gorges Corporation's Clean Energy Technology Innovation Project", "Assistance to the Issuance of BOCOM Small and Micro Financial Bonds" and "Issuance of Zhangjiang ETF to Facilitate the Development of Science and Technology" by China Universal as the typical cases of "Financial Services to the Real Economy" by Shanghai SASAC, and the 2023 Carbon Neutrality Enterprise Innovation Award and Contribution Award by China Energy Conservation Association.

## Section III Report of the Board

3. The Company further expanded its qualifications for innovative business. During the Reporting Period, the Company made further progress in the qualifications for innovative business: the Company obtained the market-making qualification for a number of new OTC derivatives, and the main market-making varieties were successfully expanded from precious metals and lithium batteries to agricultural products and chemical industries. As the FICC business launched the “DFZQ CFETS Green Bond Basket” on the interbank local currency trading platform, the Company served as a member of the implied volatility quotation group for gold inquiry option. The Company officially launched the Swap Connect business, became a comprehensive clearing member for products of Shanghai Clearing House, obtained the qualification for trading of carbon emission rights and became the first among the same batch of securities firms to execute transactions. The Company was qualified as a market maker by the BSE, and its market-making business on the Science and Technology Innovation Board was rated as Class A. The Company was also qualified as the main market maker for 2 Science and Technology Innovation 50ETF Options on the SSE, with the trading volume and the proportion of positions ranking top among market makers.
4. The Company properly advanced in fintech and drove growth through innovation. The Company adhered to the technology development concept of matching technology with the scale, strength, business and management capabilities of the Company and properly spearheading the development of technology to give full play to the leading role of fintech in the Company’s operation and development. During the Reporting Period, “DFZQ-Big Data Service Platform Based on IT Innovation Technology” was awarded the title of the Excellent IT Innovation Solution by Shanghai Municipal Commission of Economy and Information and the Financial Technology Innovation Application Case of “Jin Xin Tong”; the project of “Scenario Innovation Research Based on IT Innovation Blockchain SaaS Service Platform” won the first prize of the industry research project by the ITRDC; the “Digital and Intelligent Management System Integrating Funds and Finance of Securities Companies” and the “Expanding the Intelligent Boundary of Finance: the Q&A Engine of Securities Business Based on Large Language Model” were both awarded the 2023 Shanghai Excellent Application Scenario of Financial Technology.

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### (2) *Risk control for innovative business*

With the promotion of the Company's development strategies, its innovative businesses maintained a steady development during the Reporting Period. Based on the actual conditions, the Company closely kept up with business innovation and placed emphasis on strengthening business risk verification mainly by adopting the following measures:

1. In terms of organizational structure, the Risk Management Department strengthened the communications with the business departments, kept track of and monitored innovative business, and also actively conducted risk identification and assessment. To prevent business risk jointly with various departments, the Company's business department, branches and subsidiaries served as the first defense line, the risk management function departments served as the second defense line, and the risk supervision and management departments served as the third defense line.
2. In terms of management procedures, the Company continued to improve the synchronous risk management system of innovative business, and closely kept up with the compliance and risk management of its innovative business. The Company also implemented a new assessment and verification mechanism of innovative business to keep track of the entire process of framework design, innovation declaration and business development of innovative business.
3. In terms of risk identification and assessment, the Company earnestly performed its duties for risk verification of innovative products, and formulated independent professional risk verification opinions on option pricing, hedging strategies and other aspects for products including income certificates of OTC options and embedded options, and set risk control measures such as exposure limits for carbon emission rights trading business to effectively ensure the smooth development of complicated financial derivatives business and ensure that the risks of innovative business are controllable and tolerable.
4. In terms of risk reports, the Company integrated the risk measurement and the progress of innovative business into the overall risk management report system to earnestly summarize risk management experience in innovative business.
5. In terms of system building, the Company considered innovative business in building an overall risk management system. The Company steadily conducted its innovative business with risk exposures being measurable, controllable and tolerable.

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### 4. Risk control indicators and establishment of net capital replenishment mechanism of the Company

#### (1) Establishment of dynamic monitoring mechanism of risk control indicators

During the Reporting Period, based on the regulatory requirements and for the purpose of its own risk management, the Company continued to improve the mechanism for monitoring, pre-warning and reporting mechanism of risk control indicators to effectively ensure the business operation with risk exposures being measurable, controllable and tolerable. In addition, based on changes in market, business development, technology and regulatory environment, the Company constantly improved the risk control indicator system and continuously optimized the functions of the system for dynamic monitoring of risk control indicators, including setting up a Group risk consolidation management system to dynamically generate Group risk control indicators on a T+1 day basis, so as to synchronously cover various business activities conducted by the Company and effectively support the monitoring of risk control indicators of the Company.

The Company has set risk monitoring positions for all business lines and its overall indicators. Each of the positions has been allocated with explicit works and clear duties. With the monitoring system for various businesses and the dynamic monitoring mechanism for risk control indicators as its working platform, the Company has conducted dynamic monitoring and pre-warning on unusual changes and triggering issues of relevant risk control indicators, prepared risk management reports on a regular and irregular basis and kept track of the rectifications of the risks involved.

#### (2) Capital replenishment mechanism

Based on the risk control requirements of regulatory authorities and its own risk tolerance, the Company has established the capital replenishment mechanism to make dynamic adjustments to the scale and structure of various business sectors, while replenishing or increasing net capital according to its business development as and when appropriate.

The Company formulates plans in respect of allocation of assets and liabilities as well as risk appetite and limitation at the beginning of each year, and the relevant functional departments such as the Risk Management Department are responsible for the monitoring and reporting of risk control indicators. Once any risk control indicator reaches the triggering standard, the Company will adopt risk handling measures according to the alert level, including strictly controlling investment products with relatively high risk exposures and capital consumption or its business scale, adjusting structure of financial assets investment, reducing risk exposures with risk hedging instruments and replenishing its net capital in a timely manner through various channels including issuance of long-term subordinated bonds.



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### (3) *Establishment of stress testing mechanism*

The Company has established the regular stress testing mechanism and conducts comprehensive stress tests and special stress tests on a regular or irregular basis based on market changes, business scale and risk levels to ensure its risks are measurable, controllable and tolerable in various stress scenarios, so as to ensure the sustainable operation of the Company. The Company has specified in the rules and regulations that a special or comprehensive stress test is required to be conducted when the risk control indicators such as net capital and liquidity may experience material adverse changes or may approach the triggering level due to major external investment or acquisition, major external guarantee, major fixed asset investment, profit distribution or other capital expenditure, negative adjustment to the ratings of securities firms, concentrated maturity or redemption of liabilities or other relevant activities, or when the Company needs to determine the scale of significant business or commence significant innovative business or internal or external material risks are expected to or have occurred. Furthermore, suggestions on adjustment to business scale based on the analysis of testing results and the Company's risk tolerance should be provided for the reference of the management when making decisions.

During the Reporting Period, according to the requirements under the Guideline on Stress Testing of Securities Companies (《證券公司壓力測試指引》) issued by the Securities Association of China, based on market environment changes and business development of the Company, it constantly optimized the stress testing mechanism in terms of organizational guarantee, system establishment and system support. The Company regularly carried out comprehensive and special stress tests throughout the year to enhance its response capacity as to extreme situations and events. The comprehensive stress test was targeted at risk control indicators and overall financial indicators including but not limited to net capital and liquidity, and the targets of the special stress test varied depending on the purposes of the test.

### (4) *Attainment of risk control indicators during the Reporting Period*

During the Reporting Period, the key risk control indicators related to net capital and liquidity of the Company were kept in continuous compliance with the regulatory standards under the Administrative Measures for the Risk Control Indicators of Securities Companies and its implementation rules with certain margin of safety.

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### 5. Explanations on financing

#### (1) Financing channels of the Company

The Company has diversified financing channels with smooth development. The Company may conduct equity financing by means of issuance of new shares or rights issue, and conduct debt financing by means of corporate bonds, subordinated bonds, perpetual subordinated bonds, overseas bonds, short-term financing bills, income certificates, income right financing, refinancing, inter-bank borrowing and bond repurchase.

#### (2) Analysis on financing capability

The Company operates normatively with sound reputation, all risk regulatory indicators meet relevant regulatory requirements, and has strong financing ability and solvency. The Company maintains good cooperative relations with major financial institutions and has sufficient credit lines. The Company rationally arranges financing plans according to business needs and market environment, and continuously optimizes the debt structure. As at the end of the Reporting Period, the long-term rating of the Company assessed by Moody was Baa2, with a stable rating outlook, while the long-term rating of the Company assessed by Standard & Poor was BBB-, with a stable rating outlook.

During the Reporting Period, the Company adopted various forms of debt financing, including credit lending, bond repurchase, income certificates, short-term corporate bonds, corporate bonds and subordinated bonds. For details of the issuance of various debt financing instruments by the Company, please refer to “Section VII, II. Issuance and Listing of Securities” of this report.

#### (3) The Company's liabilities structure

Please refer to “Section III, II. (III) Analysis on Assets and Liabilities”.

#### (4) Measures adopted by the Company for liquidity and the relevant management policies

In terms of liquidity risk management, the Company has established a risk measurement and monitoring system covering before, during and after the event. From the pre-identification of business splitting and risk mapping to the management of daily monitoring, risk early warning and crisis handling mechanisms during the event, as well as the follow-up coordination of liquidity stress testing and financing planning, a closed-loop management has been formed, giving full play to the active advantages of liquidity management.

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The Company actively uses information technology to build and improve the cash flow measurement and analysis framework, so as to continuously enhance the efficiency of centralized fund management. By improving the professionalism and initiative of liquidity reserve asset management, the Company maintains liquidity reserve assets with reasonable scale, scientific structure and stable operation, and ensures reasonable and sufficient daily available funds through fund security with scientific adjustment of asset structure.

During the Reporting Period, the Company actively expanded various financing channels, improved financing strategies, strengthened the professional level of financing management, and enhanced the diversification and stability of financing sources. The Company maintained sound cooperative relationship with major commercial banks and other financing counterparties, and had in place abundant bank facilities with strong financing capabilities.

### (vii) Analysis on investments

#### *Overall analysis on external equity investments*

As at the end of the Reporting Period, investment in associates of the Group amounted to RMB6.254 billion, representing an increase of 0.19% from the beginning of the year. During the Reporting Period, the Group recorded share of results of associates of RMB0.584 billion, increased net investment in associates by RMB0.102 billion, and transferred out the provision for impairment of RMB0.042 billion, the associates declared cash dividend or profit of RMB0.476 billion, and made provision for impairment of RMB0.22 billion. For details of investment in subsidiaries, please refer to Note 36 to the consolidated financial statements herein.

1. During the Reporting Period, the Company had no material equity investments.
2. During the Reporting Period, the Company had no material non-equity investments.
3. During the Reporting Period, there was no material investment held by the Group or future plans for material investments or capital assets, and none of each individual investment held by the Group constituted 5% or above of total assets of the Group as of the end of the Reporting Period, nor were there any material acquisitions or disposals of subsidiaries, associates or joint ventures.

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### 4. Financial assets at fair value

Unit: '000 Currency: RMB

Items	Investment cost as at the end of the year	Book value as at the end of the year	Net amount purchased or sold during the year	Change in fair value during the year	Investment income during the year
1. Financial assets at fair value through profit or loss	95,567,096	97,069,644	13,069,124	77,782	2,452,162
2. Debt instruments at fair value through other comprehensive income	89,551,734	90,813,713	13,288,907	622,823	842,475
3. Equity instruments at fair value through other comprehensive income	5,788,218	6,298,178	2,626,937	(50,416)	401,020
4. Derivative financial instruments	76,183	1,003,448	51,712	421,199	(660,819)

### (viii) Material assets and equity disposal

During the Reporting Period, the Group had no material disposal of assets and equity.

### (ix) Analysis on major subsidiaries and associates

- Orient Securities Futures Co., Ltd., with a registered capital of RMB4.3 billion, is 100% owned by the Company. As at December 31, 2023, total assets of Orient Futures amounted to RMB97.689 billion, and its net assets amounted to RMB6.494 billion. In 2023, its operating income (income from principal business) amounted to RMB6.812 billion, the profit from principal business amounted to RMB0.652 billion, and the net profit amounted to RMB0.527 billion.

Its principal businesses are commodity futures brokerage, financial futures brokerage, futures investment consultancy, asset management and fund sales.

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2. Shanghai Orient Securities Capital Investment Co., Ltd., with a registered capital of RMB4.0 billion, is 100% owned by the Company. As at December 31, 2023, total assets of Orient Securities Capital Investment amounted to RMB4.896 billion, and its net assets amounted to RMB4.773 billion. In 2023, its operating income amounted to RMB0.205 billion, and the net loss amounted to RMB0.161 billion.

Its principal businesses are establishment of direct investment funds, equity investments of enterprises, or investment of other funds related to equity investment, the provision of financial advisory services to clients in respect of equity investment and other businesses permitted by the CSRC.

3. Shanghai Orient Securities Asset Management Co., Ltd., with a registered capital of RMB0.3 billion, is 100% owned by the Company. As at December 31, 2023, total assets of Orient Securities Asset Management amounted to RMB4.82 billion, and its net assets amounted to RMB3.768 billion. In 2023, its operating income (income from principal businesses), the profit from principal businesses and net profit amounted to RMB2.062 billion, RMB0.566 billion and RMB0.491 billion, respectively.

Its principal businesses are securities asset management and management of publicly offered securities investment funds.

4. Orient Securities Investment Banking Co., Ltd., with a registered capital of RMB0.8 billion, is 100% owned by the Company. As at December 31, 2023, total assets of Orient Investment Banking amounted to RMB1.89 billion, and its net assets amounted to RMB1.407 billion. In 2023, its operating income and net profit amounted to RMB1.043 billion and RMB0.082 billion, respectively.

Its principal businesses are securities underwriting and sponsorship business (other than government bonds such as treasury bonds and local government bonds, financial bonds of policy banks, financing products governed by National Association of Financial Market Institutional Investors (including but not limited to debt financing instruments of non-financial institutions)); other businesses permitted by the CSRC.



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5. Shanghai Orient Securities Innovation Investment Co., Ltd., with a registered capital of RMB7.5 billion, is 100% owned by the Company. As at December 31, 2023, total assets of Orient Securities Innovation amounted to RMB9.017 billion, and its net assets amounted to RMB8.652 billion. In 2023, its operating income (income from principal businesses), the profit from principal businesses and net profit amounted to RMB0.532 billion, RMB0.337 billion and RMB0.276 billion, respectively.

Its principal businesses are venture capital, financial products investment, investment management and investment consultancy.

6. Orient Finance Holdings (Hong Kong) Limited, with a registered capital of HKD2.754 billion, is 100% owned by the Company. As at December 31, 2023, total assets of Orient Finance Holdings amounted to HKD9.792 billion, and its net assets amounted to HKD1.038 billion. In 2023, its operating income and net loss amounted to HKD-0.09 billion and HKD0.315 billion, respectively.

Its principal businesses are investment holding, and operation of securities brokerage business, futures brokerage business, asset management business, investment banking and margin financing business as regulated by the SFC pursuant to SFO through establishment of various subsidiaries and licensed sub-subsidiaries.

7. China Universal Asset Management Company Limited has a registered capital of RMB0.133 billion and its 35.412% equity interests is held by the Company. As at December 31, 2023, total assets of China Universal amounted to RMB13.937 billion, and its net assets amounted to RMB9.873 billion. In 2023, its operating income (income from principal businesses) amounted to RMB5.371 billion, the profit from principal businesses and net profit was RMB1.897 billion and RMB1.415 billion, respectively.

Its principal businesses are fund raising, fund sales, asset management and other businesses permitted by the CSRC.

*Note:* The above data are all based on financial information prepared in accordance with CASBE.

## Section III Report of the Board

### (x) Structured Entities Controlled by the Company

When determining whether to consolidate structured entities, the Company considers total variable returns from such structured entities attributable to the companies within the consolidation scope, the risk exposures and other factors, and has incorporated 42 structured entities into the consolidation scope, including 19 structured entities newly consolidated during the year, and 5 structured entities were excluded due to reasons such as due liquidation and loss of control caused by changes in shareholding.

Details of structured entities incorporated into the consolidation scope during the period:

Unit: 100 million Currency: RMB

<b>Structured entities incorporated into the consolidation scope</b>	<b>December 31, 2023 or the year of 2023</b>
Total assets	40.17
Total liabilities	1.27
Total net assets	38.91
Operating income	3.72
Net profit	2.44

*Note:* The above data are all based on financial information prepared in accordance with CASBE.

## Section III Report of the Board

### VI. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

#### (i) Industrial layout and trend

The Central Financial Work Conference emphasized the political and people-oriented nature of financial work and set a goal for financial work. The deepening reform represented by the registration system and the guidance of differentiated supervision promoted the supply-side reform of the industry, and the capital market ecology continued to improve. With the above context, the securities industry will show the following layout and trends in the future:

#### 1. *Continuously increased industry concentration and the clearer competitive differentiation*

The registration system reform and differentiated supervision have put forward higher requirements for investment and research capabilities, sales capabilities, capital strength and risk control of securities firms. As the leading securities firms have comparative advantages and will receive more regulatory support in terms of license approval, access to new business, capital expansion, talent attraction and brand building, which will stimulate capital, talent, clients and other resources to further concentrate in leading securities firms, and the industry concentration will continue to rise with a layout where the strong becomes stronger. In the future, securities firms will enter a stage of refined segmentation and will need to define their strategic positioning based on their own resources and strength, choose a differentiated development path and develop a differentiated competitive advantage in specific areas and regions.

#### 2. *Increasing professional competence requirements and growing importance of comprehensive financial services*

With the in-depth implementation of reform and opening-up, and the increased availability of investment assets for residents, the demand for various capital markets such as wealth management, family inheritance and risk management is increasing. China encourages social security funds, insurance funds, enterprise annuities and other medium and long-term funds to enter the market, leading to a significant increase in demand from institutional investors for integrated and diversified financial services. To capture vast opportunities from institutional business, securities firms, especially the leading securities firms, need to break the barriers of license fragmentation, build a customer-centric service system, and cover the whole life cycle of customers with comprehensive financial services by relying on diversified products and businesses. In addition, securities firms need to have an institutional mindset, promote the construction of investment banking system across the entire business chain, integrate business resources such as research, investment, investment banking and trading, so as to provide comprehensive financial services for enterprises from early private equity financing, listing, refinancing, mergers and acquisitions and restructuring to asset securitization, thereby helping enterprises seek appropriate investment and financing and capital operation opportunities in the global capital market, working together with enterprises to support their growth.



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### 3. *Changes in business model and accelerated business intensification*

With the continuous improvement of capital market conditions, the traditional revenue model of the securities industry, which is mainly based on channel-based intermediary business, will gradually transform into a capital-based intermediary model based on capital strength, customer base and professional service capability. With the increasing proportion of capital-intensive business, securities firms will have an in-depth integration between capital-intensive business and capital-light business, and the business model of securities firms will become more diversified and integrated. In recent years, under the regulatory guidance of the CSRC advocating securities firms to follow a new path of capital-saving and high-quality development, securities firms, especially leading securities firms, have significant advantages in capital strength, outstanding talents, professional capabilities, compliance and risk control capabilities and other fields, which are expected to be optimized and strengthened by way of mergers and acquisitions and restructuring, improve the efficiency of capital use with intensive development, so as to build a first-class investment bank.

### 4. *Accelerated digital transformation and new norm of financial technology empowerment*

As the world enters the era of digital economy, digital capability has become one of the basic capabilities of securities firms for competition, and the application of financial technology has become an important way for the securities industry to achieve high-quality development. As financial technology and digitalization are the core driving force of the business model transformation of securities firms and the core competitiveness of high-quality development, many technological and digital innovation applications such as digital management platform, intelligent tools and intelligent risk control are transforming from purely supporting business development to actively empowering business and leading business development. It is expected that securities firms will further explore emerging digital technologies in depth and constantly optimize the construction and layout of financial technology to promote innovation in financial products and services, thereby fostering new competitive edges.

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### 5. *Increasingly regulated industry and heightened importance of compliance risk control*

Securities firms are professional institutions in risk pricing and risk management. In order to become a century-old company in the financial industry with an everlasting foundation, business development may not be the fastest, but the requirements of compliance and risk control must be higher. In particular, under the guidance of the regulatory principle of “system building, non-intervention and zero tolerance”, compliance risk control has become an important tool for the high-quality development of securities firms. With the increasingly complex business structure of securities firms and the increasing variety of investment and trading instruments have led to greater risks across markets and regions and more difficulties in risk management and control, and compliance work has become an internal driving force for the long-term sustainable development of securities firms. Facing market turbulence, more complex financial products and increased scale of asset-heavy business, the effectiveness of compliance management and risk management capabilities will become key determinants of business development and scale expansion for securities firms. Securities firms with more effective compliance management, stronger risk control capabilities and more balanced businesses are expected to achieve a favourable position in the fiercely competitive market.

### (ii) **The Company’s development strategy**

In line with the 2021-2024 strategic plan of Company, the Company is committed to “providing quality integrated financial services to the real economy and social wealth management, creating a happy life for staff and providing both material and spiritual returns to shareholders, employees and society”, bears a core vision of “becoming a modern investment bank with first class core competitiveness that provides integrated financial services for customers”, adheres to the core values of “Customer First, People Oriented, Professionalism Based and Innovation Centered”, upholds the corporate values of “being united, enterprising, pragmatic and efficient”, striving to achieve the strategic development goals during the period covered by the 2021-2024 strategic plan.

The goals of 2021-2024 strategic plan of the Company are to pursue professional and high-quality development as a first-class modern investment bank, strive to enhance its core competitiveness, endeavor to approach the first-tier level of the industry in terms of scale, strength and operational efficiency, and make more contribution to the capital market reform and development and the construction of Shanghai as an international financial center. Specific objectives under the plan are to effectively promote business transformation, significantly increase and improve the number and quality of customers, continuously enhance operational efficiency, accelerate digital transformation, develop a young and professional talent team, and carry out effective compliance and risk management.

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Focusing on the above strategic objectives, the Company will rely on the strategic drivers of “digital transformation, collective management and internationalization”, and follow the overall strategic framework of “focusing on three major customer systems, building four major business segments and enhancing six management effectiveness”. During the planning period, the Company will take a customer-oriented approach to reconstruct the service system focusing on three types of customers; build four major business segments based on comprehensive financial services; and improve six major management support systems with the goal of enhancing management efficiency and effectiveness. With the above measures, the Company will actively strive to achieve the new round of strategic goals.

### (iii) Business plan

In 2024, the general guidelines for the operational management of the Company are to fully implement the spirits of the 20th National Congress of the Chinese Communist Party and the Central Financial Work Conference, focus on the goal of building a financial powerhouse, profoundly grasp the political and people-oriented nature of financial work, adhere to the general keynote of “maintaining stability with steady progress, promoting stability with progress, and establishing the new before abolishing the old”, firmly grasp the primary task of high-quality development, and accelerate the construction of a first-class modern investment bank in the industry. The general idea of the operational management of the Company is to maintain resolve, hold the bottom line, change with the times, be both offensive and defensive, promote transformation, improve capabilities and strengthen management, highlight the goal-oriented, customer-oriented, development-oriented and problem-oriented, continue to promote high-quality development with the characteristics of Orient Securities, ensure that no major risk events of violations of laws and regulations, cultivate and strengthen traditional advantages, strive to make up for the shortcomings, strengthen execution efficiency, adhere to stable and long-term development, and strive to move forward to a first-class comprehensive securities company in the industry.

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According to the Company's general plan of operational management in 2024, 2024 is not only a critical year for implementing the spirit of the Central Financial Work Conference but also the final year of the Company's current strategic plan. The Company should focus on goal-oriented, customer-oriented, development-oriented and problem-oriented, and continuously promote high-quality development with the characteristics of Orient Securities. The Company will persist in the goal-oriented and maintain strategic focus, in order to promote the high-quality development of the Company. The Company will seize all favourable opportunities, make use of all favourable conditions, and strive to cope with the uncertainty of changes in the situation with the certainty of its own work. The Company highlights customer orientation and promotes the transformation and upgrading of the three major business lines. The Company will continue to optimize the development model and integrate the overall development efforts to build a large wealth management brand, and the investment banking business plays a leading role to promote the "tripartite interactive system" and the transformation of institutional sales business to expand institutional customer services. The Company highlights the development orientation, improve the three core capabilities and development momentum, strengthen customer development and services to enhance the operation ability of comprehensive customer base, deepen vertical management to improve endogenous compliance and risk control capabilities, and strengthen the integration of technology and business to enhance the driving capability of digital technology. The Company highlights the problem orientation, improves the three major management systems and the quality of development. The Company will inherit the advantages of the Company's culture to strengthen the human resources management, optimize the allocation of assets and liabilities to improve asset quality and profitability, and enhance strategic execution and the systematic level of management.

### (iv) Potential risks (including the implementation of comprehensive risk management and investment in compliance risk control and information technology)

#### 1. Major risks of the Company and countermeasures

The risks to which the Company is exposed to in its operations are mainly market risk, credit risk, liquidity risk, operational risk, money laundering and terrorism financing risk, technology risk and reputational risk. Specifically, such risks and respective countermeasures are as follows:

##### (1) Market risk

Market risk refers to the risk of loss of the portfolio held by the Company due to adverse market changes. Market risk can be categorized into securities assets price risk, interest rate risk, exchange rate risk and commodity price risk, which refers to risks which the Company is exposed to due to the fluctuation in securities assets price, interest rate, exchange rate and commodity price respectively.

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The Company has established a system covering the Group's allocation of assets and liabilities and risk limits, reflecting the Company's overall market risk appetite and risk tolerance. Under the Company's overall business authority framework, each business segment operates within different levels of authorized risk limits to implement effective controls over various businesses and products so as to ensure the risk level to be within risk appetite set by the Company. The Company's business departments, branches and subsidiaries are the first line of defense against market risk, while its risk management functional department is responsible for coordinating the overall market risk management of the Company.

The Company adopts daily mark-to-market, concentration analysis and quantitative risk model to manage business scale, risk exposure, establishes dynamic-tracking stop-loss mechanisms, identifies the key factors affecting investment portfolio returns through sensitivity analysis, and evaluates the tolerance of investment portfolios to extreme market fluctuations by using scenario analysis and stress testing.

The Company closely follows the macro-economic indicators and trend and significant economic policies and development. The Company also evaluates the potential systematic risk of investment as may be caused by changes of macro-economic factors, and adjusts its investment strategies based on regular monitoring of market risk indicators. The Company establishes decision-making, implementation and accountability systems relating to material issues and develops contingency plans for different predictable extreme situations, under which material issues will be categorized and managed according to the level of seriousness.

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During the Reporting Period, the capital market fluctuated significantly due to the effects of turbulent recovery of domestic economic fundamentals and the continuous raising of interest rate by the Federal Reserve. In terms of equity securities investment, the Company kept a daily track of changes in trading positions, make appropriate adjustment to trading positions through implementing diversified investment strategies, and conduct hedging through stock index futures, stock options and other equity derivatives to hedge against stock price risk. In terms of fixed income securities investment, the Company used interest rate swaps, treasury bond futures and other derivative instruments to hedge interest rate risks, effectively controlled the basis point value and duration of the investment portfolio, and ensured that the overall assets were under control due to changes in interest rate fluctuations. In terms of derivatives business, the Company focused on arbitrage business with low risk, controlled the Greece value risk exposure such as Delta and Vega to an acceptable range, and stringently implemented the risk verification working procedures of products pricing, hedging strategies and models for derivatives with high risk including OTC futures. In terms of foreign exchange business, the Company strengthened research on the foreign exchange market, tracked changes in overseas asset prices, monitored exchange rate risk exposure, and effectively managed exchange rate risk by reasonably using exchange rate derivatives for hedging and mitigation.

Value-at-Risk (“VaR”) refers to the potential loss of the investment portfolio arising from future movement in market price under certain confidence level. The Company adopts a VaR with a confidence level of 95% and a holding period of one day to measure the market risk condition of its financial products investment portfolio. In 2023, due to market environment and allocation of trading positions, the VaR of the Company’s equity portfolios fluctuated to certain extent. At the end of the Reporting Period, the VaR of the Company’s overall market risk was RMB118 million with a confidence level of 95%.

### (2) *Credit risk*

Credit risk mainly refers to the probability of loss the Company would suffer because of the failure of debtor or counterparty to perform the contractual obligations or the deterioration of their credit quality. The first is direct credit risk, i.e. the risk arising from failure of issuer to perform contractual obligations; the second is counterparty risk, i.e. the risk arising from a breach of contract by the counterparty and financier in a derivatives transaction or securities financing transaction; the third is settlement risk, i.e. the risk arising from a breach of contract during the settlement and delivery of a transaction, in short, the Company performs its delivery obligation, but the counterparty breaches the contract.

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The Company has implemented limit management on credit risk according to regulatory requirements and risk management needs, set credit risk limits based on the Company's risk tolerance and net capital to control the quality of credit assets and credit risk concentration, and realized refined management on credit risk exposure. In the course of business, the Company strictly complied with the credit risk limit approved by the Company, and established a daily monitoring mechanism for limit indicators to effectively control credit risk.

The Company has established its respective credit risk management system with regard to bonds issuer, counterparties and financing clients from the perspective of business practices. The Company has enhanced evaluation of qualities and risk and implemented credit risk management through means including contract review and monitoring of transactions and public sentiment. The Company pays great attention to possible non-compliance in the transaction and developed contingency plans for risks. In bond investment and counterparty transactions associated with credit risk, the Company has enhanced analysis on the fundamentals of bonds issuer and counterparties, and established the corporate internal scoring system for credit risk, and realized internal rating, united credit management, collective management of investment, pledged bonds management, defaulting clients management, stress tests, early warning, risk reporting and other functions through the credit risk management system, thus strengthening its credit risk management and enhancing credit risk management. In derivative transactions, the Company has set the margin deposit ratio for counterparty and rule restrictions on the transaction, controlled the counterparty's credit risk exposure through daily mark-to-market, margin calls, forced closure of positions and other means. In securities financial business, the Company has established mechanisms of credit rating assessment for clients, credit facilities management, collateral management, concentration management and supervisory reporting, and handled risk projects through mandatory close-out mechanism and legal proceedings. In addition, the Company has established the same business and same customer management mechanism based on external guidelines and in line with the Company's actual business development, to carry out unified measurement, monitoring and management of credit business, improve the Group credit management system for the Company's credit business and further refine credit risk management.

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### (3) *Liquidity risk*

Liquidity risk refers to the risk that the Company cannot obtain sufficient funds at a reasonable cost in time to pay its debts when falling due, fulfill other payment obligations and meet the capital demand for normal business development.

According to the regulatory requirements including the Guideline on Liquidity Risk Management of Securities Companies (《證券公司流動性風險管理指引》) and for the purpose of its own risk management, the Company continuously refines the liquidity risk management system and internal management system and has dedicated personnel responsible for dynamic monitoring, pre-warning, analysis and reporting of the Company's liquidity risk. For management of daily liquidity position, the Company reserves sufficient high-quality liquid assets, sets corresponding limits on liquidity reserve assets and monitors cash flow shortfall on a daily basis to ensure the smooth operation of the Company's business and the timely repayment of liabilities as they fall due. The Company carefully determines the qualitative principles and quantitative indicators of liquidity risk appetite at the beginning of each year, and has established limit assessment and adjustment mechanism to implement limit management of liquidity risk and conduct monitoring and reporting of compliance with limits. The Company strives to formulate comprehensive financing strategies to improve the diversity and stability of its financing sources and establish flexible financing channels both on and off the exchange. The Company conducts regular and irregular liquidity stress testing and emergency exercise, continuously updates and improves the stress scenario and report, analyses the results of the stress tests to identify risk spots and vulnerabilities, and applies the results of the stress tests in the Company's relevant decision-making processes. During the Reporting Period, the Company continued to improve its liquidity risk management system, utilized the information system to effectively identify, measure, monitor and control the liquidity risk, and ensured that the Company's liquidity coverage ratio and net stable funding ratio continued to meet regulatory requirements. During the Reporting Period, the Company put more efforts into liquidity risk management of subsidiaries, improved the liquidity risk management capabilities of subsidiaries and the whole liquidity risk control level of the Group.



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(4) *Operational risk*

Operational risk refers to risk of losses which may be caused by weakness or problem existing in internal procedure, staff and information technology systems as well as by external events.

For operational risk management, the Company conducted careful review on the operational procedure based on its internal control procedure and identified operational risks in the procedure and categorized risks according to its management needs. Based on the impacts from and the possibilities of risks, the Company updated the assessment on the identified operational risks, and monitored the key operational risks by establishing key risk indicators. The Company has realized operational risk losses data collection and management with the operational risk losses reporting mechanism. In addition, the Company has completed the development of operational risk management system and realized the identification, evaluation, monitoring, measurement and reporting of operational risks. The Company has completed the implementation of operational risk management of its subsidiaries to align with the Parent Company. In 2023, the Company carried out a comprehensive updated assessment of the identified operational risk.

(5) *Money laundering and terrorism financing risk*

Money laundering and terrorism financing risk refers to the risk that the products or services of financial institutions are manipulated by criminals to engage in money laundering and terrorism financing activities, which will adversely affect the Company in terms of law, reputation, compliance and operation.

## Section III Report of the Board

During the Reporting Period, the Company has continuously improved its internal control system for anti-money laundering, continuously refined its anti-money laundering organizational structure and coordination mechanism, focused on strengthening the technical support of the anti-money laundering information system, in order to comprehensively enhance the effectiveness of the Company's anti-money laundering work and the performance of its money laundering risk management. The Company systematically promoted the construction of the Company's anti-money laundering internal control system, and commenced comprehensive revision of the system based on regulatory requirements and the actual situation of the Company's anti-money laundering work, with a total of 5 revised systems, 4 new systems and 4 new operational guidelines. During the Reporting Period, the Company actively responded to the on-site inspection of the Shanghai Bureau of the CSRC, accepted the anti-money laundering supervision and visit of the Head Office of the People's Bank of China, and continued to promote the implementation of the on-site inspection of the Shanghai Bureau of the CSRC and the subsequent rectification of the anti-money laundering supervision and visit of the People's Bank of China. The Company continued to optimize the customer money laundering risk assessment indicator model, with 4 new indicators, optimizing 26 indicators in 10 categories, and adjusting the total number of indicators near to 30% of all indicators. The Company focused on promoting the optimization and upgrading of the anti-money laundering system and enhancing the support of the information system for anti-money laundering work. During the reporting period, the Company launched the related systematic functions such as the comparison of institutional customer information and strengthening the functions of the due diligence, and adjusted the list monitoring and matching logic. The Company conducted regular evaluation on system effectiveness, continuously carried out suspicious transaction monitoring and reporting, and intended to optimize 17 suspicious transaction monitoring indicators according to the evaluation results of system effectiveness. The Company enhanced the judgement and handling of specific business risks, such as sorting out and refining abnormal characteristics, issuing risk warnings, and intensifying follow-up supporting control measures for the prominent money laundering threats faced by the single customer multi-bank services. In addition, the Company attached great importance to anti-money laundering education and training, and organized a variety of anti-money laundering training to enhance the awareness of anti-money laundering and the ability of the Company's staff to perform their duties.

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### (6) *Technology risk*

Technology risks refer to the risk of abnormal operation of the Company due to failure of the information technology system; the risk of business disruption of the Company or exposure to information security risk due to insufficient protection and backup measures for the information technology system and key data; the risk of abnormal operation of the Company due to the failure to adopt data interactions prevailing in regulatory authorities or the market for key information technology system; the risk of incapability of providing continuous support and service by key information technology system suppliers throughout the life cycle of technology system.

The Company attaches great importance to technology risk management. The IT Strategic Development and Governance Committee proposes and audits the IT management goals and development plans, formulates the IT annual budget, reviews the initiation, input and priorities of major IT projects, and estimates major IT projects and provides opinions. The system research and development department is responsible for the management and control of construction work including development and testing of the information system, monitoring the safety of using information system data, management of the approval and evaluation for outsourcing suppliers and regulating the conducts of external personnel of the information system in accordance with relevant requirements. The system operation department takes a variety of measures to ensure the stable operation of the system, and has completed the main and side stands for major positions as for the staffing. In respect of process control, the Company, in accordance with ISO20000 rules, regulates main operation and maintenance procedures, such as implementation of graded examination and approval for procedures including events and modification, recheck for modifications, preparation of monthly reports on management and operation on a month basis, regulating the systematic operation at the technical and management level. In respect of emergency handling, the Company strictly obeys the regulatory requirements, conducts disaster drills and emergency plan drills, with all operation and maintenance teams and branches regularly carrying out the emergency drills for specific systems. As for the data backup, restore and verification, the Company conducts implementation, review and supervision on a monthly basis as per the annual plan, and sets system permissions according to the established process which includes approval, recording and filing. The compliance and legal management department, together with the risk management department, reviews IT compliance and risk management matters and relevant systems, organizes regular compliance inspection, and issues monthly compliance and risk management reports. However, with the rapid development of information technology nowadays, technical risks cannot be completely avoided as equipment failures, software design defects, network connection problems, technical means being not up-to-date, and other problems cannot be completely eliminated in theory.

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### (7) *Reputational risk*

Reputation risk mainly refers to the risk that due to the Company's operation or external events, and the violation of honest practice requirements, professional ethics, business norms, industry rules and regulations and other related behaviours by the staff, resulting in negative reviews of the Company by investors, issuers, regulatory authorities, self-regulatory organisations, the general public and the media, thereby damaging the brand value, adversely affecting the normal operation of the Company, and even affecting market stability and social stability.

During the Reporting Period, the Company primarily manages its reputational risk by the following means:

- 1) In order to implement the cultural construction requirements of the securities industry, the Company carried out a special training on "Reputational Risk Management and Response to Public Sentiment Risk" to further raise the reputational risk awareness of employees, continuously strengthen the Company's "soft power" and social image, resist behaviors that damage the industry image, and facilitate the high-quality development of the industry. From multiple dimensions such as media ecological analysis, public sentiment case analysis, industry policy interpretation, practical response and how to use social media correctly, the Company shared many cases and its own insights to help everyone understand the connotation and practical operation of reputational risk management more effectively and profoundly.
- 2) Establishing a sound reputational risk management mechanism. The reporting process for reputational risk events and the reputational risk management mechanism have been further improved. Meanwhile, the reputation of employees is further incorporated into the personnel management system. When conducting personnel recruitment and subsequent staff management, assessment and promotion, the human resources management headquarters and the reputation risk management department will inspect and evaluate the historical reputation of employees, which will serve as an important basis for judgement.

## Section III Report of the Board

- 3) Establishing a comprehensive system for reporting public sentiment. Monthly briefings on public sentiment are sent to key management of the Company and relevant situations are reported to the Board of the Company and Shenergy Group through the Board office and risk control department to ensure that the Board and the management are aware of the level of reputational risk of the Company in a timely manner. For unexpected sensitive public sentiment, a special report on the analysis of public sentiment (usually in the form of a daily report) will be prepared and sent to the leaders and relevant departments of the Company in a timely manner.
- 4) We further strengthened supervision on public sentiment to enable the whole process management of monitoring, early warning and tracking of reputational risk events, including early warning in advance, timely handling during the event, and tracking of response effectiveness afterwards.

### **2. Overall implementation of risk management**

The Company has always upheld the risk management concept of “compliance by all staff and risk control-oriented”, and strives to realize the organic integration and convergence among risk management, compliance management and internal control. The Company has built sound and endogenous comprehensive risk management system and effective internal control system, which covers the whole process of decision-making, implementation, supervision and feedback and effectively ensures that the Company’s overall risk is measurable, controllable and tolerable.

The Company has established a clear and rational risk management organizational structure. The Company has set up the strict and effective comprehensive risk management featured with “three defenses” consisting of various business departments, branches and subsidiaries, relevant functional management departments and risk supervision and management departments, which clarifies the division of responsibilities among the Board, the Supervisor Committee, management and various subsidiaries and functional departments to ensure the effective operation of the risk management system.

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The Company attaches great importance to the construction of risk management system. Based on the “Basic System of Comprehensive Risk Management of DFZQ”, the Company has formulated special risk management systems regarding market risk, credit risk, liquidity risk, operational risk and reputational risk, and defines risk management requirements for various business systems and ensures the specific implementation of various risk management requirements through the formulation of operational specifications and rules. At the same time, in order to scientifically guide and rationally allocate resources, the Company prepares plans for asset and liability allocation, risk appetite, risk tolerance and risk limit according to market conditions, corporate strategy and industry development on an annual basis, and implements dynamic adjustment mechanism to cater for the Company’s business development.

The Company has established risk management mechanisms for risk identification and assessment, risk monitoring and measurement, risk analysis and response, and adopts a combination of qualitative and quantitative risk measurement methods to enhance the professional management capabilities of various risks. Through the establishment of risk management cockpit, risk management indicator dynamic management system and various professional risk management information systems, the Company has further promoted the practical application of information technology in risk management. The Company implements the multi-perspective risk review mechanism based on comprehensive risk management through strict approval of new businesses and new products and dynamic monitoring on risks of all key processes in daily business operations. The Company also dynamically monitors and evaluates various types of risks and tolerance during its business operation through sensitivity analysis and stress testing. The Company strengthens risk response mechanism construction and risk defense through multiple channels with a focus on pre-judgment of risk response and handling, so as to effectively control various risks. Smooth risk information communication mechanism is established to ensure timely, accurate and complete information transmission and feedback.

Based on the requirements of industry culture construction, the Company strengthens the coordination between the risk management culture and corporate culture as well as party style and integrity construction, and consolidates the risk management awareness of all employees of the Company through multiple approaches to improve the level of risk management. The Company continuously enhances the training and recruitment of risk management personnel to keep the number of risk management personnel meeting regulatory requirements. The Company adheres to the organic integration of risk management with performance appraisal and accountability mechanism and specifies performance assessment standards to effectively ensure that the Company’s various business developments comply with regulatory requirements.

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### 3. *Investment in information technology*

The Company attaches great importance to the construction of compliance risk management information system, and has established a proactive and effective comprehensive risk management system. The Company continuously improves the compliance risk system to constantly enhance the compliance risk management level and ensure compliance of business operations. The Company's compliance risk control investment mainly includes the procurement and development expenditures of compliance risk control related systems, the daily operation expenses of the compliance risk control department, and the compliance risk control staff investment. During the Reporting Period, the total compliance control investment was RMB0.281 billion.

The Company always attaches importance to information technology innovation, continues to promote the integrated development of financial technology to fully promote digital transformation. The Company's information technology investment (based on the information system construction investment indicators of securities companies) mainly includes: IT investment, depreciation and amortization expenses of fixed assets and intangible assets, IT daily operating expenses, computer room rental or depreciation expenses, IT line leasing, IT independent R&D expenses and IT staff investment. During the Reporting Period, the Company's IT investment totaled RMB0.955 billion.

### (v) **Others**

#### 1. *Pre-emptive rights*

According to the PRC laws and the Articles of Association, none of the shareholders of the Company has any pre-emptive rights.

#### 2. *Sufficient public float*

As at the latest practicable date prior to the printing of this report, based on the information available to the public and as far as the Directors are aware, the Directors believe that the Company has sufficient public float which satisfies the public float requirement under the Rule 8.08 of the Hong Kong Listing Rules and the waiver granted by the Hong Kong Stock Exchange.

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### 3. *Directors' interests in the business competing with the Company*

Mr. Zhou Donghui, a non-executive Director of the Company, has been a non-executive director of Haitong Securities Co., Ltd. during the Reporting Period. As Haitong Securities Co., Ltd. is engaged in, among others, securities brokerage; securities proprietary trading; securities underwriting and sponsorship; securities investment consulting; financial advisory services relating to securities trading and investment activities; direct investment; securities investment fund consignment; provision of intermediary introduction business for the futures companies; margin financing and securities lending; agency sale of financial products; the stock options market making; the custodian business for securities investment funds and other businesses approved by the CSRC. Haitong Securities Co., Ltd. has competed or is likely to compete, either directly or indirectly, with some aspects of the business of the Company. In October 2023, Mr. Zhou Donghui ceased to be a non-executive director of Haitong Securities Co., Ltd. Save as disclosed above, none of the Company's Directors has any interest in the business which competes or is likely to compete, either directly or indirectly, with the Company's business.

### 4. *Service contracts of Directors and Supervisors*

None of the Company's Directors or Supervisors has entered into any service contract with the Company or its subsidiaries which is not determinable within one year without payment of any compensation (other than statutory compensation).

### 5. *Directors' and Supervisors' interests in major transactions, arrangements and contracts*

During the Reporting Period, the Directors or Supervisors of the Company or entities relating to the Directors or Supervisors did not have any material interests, whether directly or indirectly, in any major transactions, arrangements and contracts entered into by the Company or its subsidiaries.

### 6. *Share option scheme*

The Company did not set any share option scheme.

### 7. *Major clients and suppliers*

The Company serves a diverse base of institutional and retail clients across a spectrum of industrial sectors. The Company's clients range from large state-owned enterprises, multinational corporations and small and medium enterprises clients to high net worth individuals and retail clients. Its clients are primarily located in the PRC. The improving overseas network layout will help the Company provide overseas services and expand its clients' source. In 2023, the percentage of the revenue attributable to the five largest clients of the Company did not exceed 8% of the Group's total revenue.

The Company has no major suppliers given the nature of its business.



## Section III Report of the Board

### 8. *Relationship with employees, customers and suppliers and persons who are materially related*

For the details of the remuneration and training plans of employees of the Company, please refer to “Section IV, IX. Information on the Staff of the Parent Company and Major Subsidiaries as at the End of the Reporting Period” of this report. For the relationships between the Company and its major customers and suppliers, please refer to “Section III, VI, (v), 7. Major clients and suppliers” of this report.

### 9. *Proposal on profit distribution*

For the proposal on profit distribution, please refer to “Section IV, X. Proposal on Profit Distribution or on Transfer of Capital Reserve Fund into Share Capital” of this report.

### 10. *Tax relief*

#### (1) *Holders of A Shares*

Pursuant to the provisions under the Circular on Relevant Issues Concerning Differentiated Individual Income Tax Policies for Dividends of Listed Companies (Cai Shui [2015] No. 101) and the Circular on Relevant Issues Concerning Implementation of Differentiated Individual Income Tax Policies for Dividends of Listed Companies (Cai Shui [2012] No. 85) issued by the Ministry of Finance of the PRC, the State Administration of Taxation and the CSRC, for individual shareholders of the Company who hold shares for a period (from the date of an individual’s acquisition of the shares of a listed company from the public offering and the secondary market to the date prior to the date of transfer and settlement of such shares) of within one month (including one month), their dividends and bonus incomes are fully included in taxable income (effective tax rate is 20%); for those who hold shares for a period of over one month to one year (including one year), 50% of their dividends and bonus incomes are temporarily included in taxable income (effective tax rate is 10%); for those who hold shares for a period of over one year, their dividends and bonus incomes are temporarily exempt from income tax. When distributing dividends and bonuses, the listed company temporarily withholds no individual income tax for its individual holders who hold shares for a period of within one year (including one year). When an individual transfers his/her shares, the securities depository and clearing company calculates the actual taxable income according to his/her period for holding shares, and the company withholds tax otherwise through the securities depository and clearing company. For the dividends and bonus incomes obtained by a securities investment fund from a listed company, individual income tax thereof is levied in accordance with the requirements of Cai Shui [2012] No. 85.

## Section III Report of the Board

For Qualified Foreign Institutional Investors (“QFII”), listed companies are required to uniformly withhold and pay enterprise income tax at a rate of 10% pursuant to the provisions under the Notice on the Relevant Issues Concerning the Withholding and Payment of Enterprise Income Tax Relating to the Payment of Dividends, Bonus and Interest by PRC Resident Enterprises to QFII (Guo Shui Han [2009] No. 47) issued by the State Administration of Taxation. If the QFII shareholder intends to claim the preferential treatment as stipulated in tax treaties (arrangements) for his dividend and bonus incomes, application for tax refund can be submitted to the competent tax authority after obtaining such dividends and bonuses in accordance with the regulations.

Pursuant to the provisions under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Market Connect (Cai Shui [2014] No. 81) issued by the Ministry of Finance of the PRC, the State Administration of Taxation and the CSRC, for dividends and bonus incomes obtained by investors (including enterprises and individuals) in the Hong Kong market from investing in A Shares listed on the SSE, the implementation of differentiated tax policies based on period of shareholding are suspended before Hong Kong Securities Clearing Co., Ltd. meets the conditions of providing identification, term of shareholding and other specific data of investors, and the income taxes thereof are withheld and paid by the listed company at the rate of 10%, which should be duly declared to the competent tax authority. For Hong Kong investors who are tax residents from another country and that country has entered into a tax treaty with the PRC stipulating a tax rate of lower than 10% for the dividends, those enterprises or individuals may by themselves, or may entrust a withholding agent on their behalf to, apply to the competent tax authority of the listed company for the treatment as stipulated in such tax treaties. Upon the verification and approval by the competent tax authority, taxes shall be refunded based on the discrepancy between the levied taxes and the taxes payable pursuant to the tax treaty.

For institutional investors, the taxes on their dividends and bonus incomes shall be paid by themselves.

## Section III Report of the Board

### (2) *Holders of H Shares*

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

Pursuant to the provisions under the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by PRC Resident Enterprises to H Shareholders of Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) issued by the State Administration of Taxation, a PRC resident enterprise, when distributing dividends for 2008 and for the years afterwards to H shareholders of the overseas non-resident enterprises, shall be subject to the enterprise income tax withheld at a uniform rate of 10%.

## Section III Report of the Board

Pursuant to the provisions under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Market Connect (Cai Shui [2014] No. 81) issued by the Ministry of Finance of the PRC, the State Administration of Taxation and the CSRC, for dividends and bonuses obtained by Mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, such H shares companies shall withhold individual income tax at the rate of 20%. For the dividends and bonus incomes obtained by Mainland securities investment funds by investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the individual income tax will be levied pursuant to the provisions mentioned above. For the dividends and bonus incomes obtained by Mainland enterprise investors from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, such H shares companies shall not withhold and pay any income taxes on the dividends and bonus incomes, and those enterprise investors shall report and pay the relevant tax themselves. Meanwhile, for the dividends and bonus incomes obtained by Mainland resident enterprises from holding relevant H shares for consecutive 12 months, the enterprise income taxes shall be exempted according to laws.

Pursuant to the provisions under the Notice on the Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Program (Cai Shui [2016] No. 127) issued by the Ministry of Finance of the PRC, the State Administration of Taxation and the CSRC, for dividends received by domestic individual investors from investing in H shares listed on Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on their behalf. For dividends received by domestic securities investment funds from investing in shares listed on Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors; and for domestic corporate investors, the company of such H shares shall not withhold and pay the income tax on their behalf and the domestic corporate investors shall report and pay the relevant tax themselves.

Shareholders of the Company are recommended to consult their taxation advisors regarding tax implications arising from their holding and disposal of shares of the Company in the PRC, Hong Kong and other countries (regions).

## Section III Report of the Board

### 11. *Contract of significance*

During the Reporting Period, the Company did not have any controlling shareholder and there is neither any contract of significance between the Company or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries (as defined in Appendix D2 to the Hong Kong Listing Rules).

### 12. *Management contract*

During the Reporting Period, no contracts were entered into and subsisted (other than the service contracts with any Director or Supervisor or any of the full-time employee of the Company), and pursuant to which, the management and administration of the whole or any substantial part of the business of the Company were undertaken by any individual, firm or body corporate.

### 13. *Permitted indemnity provision*

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

### 14. *Equity-linked agreement*

No equity-linked agreements were entered into by the Company or subsisted during the Reporting Period.

### 15. *Review of annual results*

The Audit Committee of the Board of the Company has reviewed the audited annual financial statements and annual report of the Company for the year ended December 31, 2023, and did not raise any objection to the accounting policies and practices adopted by the Company.

### 16. *Directors, Supervisors and Senior Management*

For details of the composition and changes of directors, supervisors and senior management of the Company during the Reporting Period, please refer to “Section IV, IV. Directors, Supervisors and Senior Management” in this report.

## Section III Report of the Board

### 17. *Compliance with relevant laws and regulations*

The Board is of the view that during the Reporting Period, the Company conducted its business activities and made relevant decisions in strict compliance with the Company Law, the Securities Law, the Regulations Governing the Supervision and Administration of Securities Companies, the Code of Governance for Securities Companies, the Code of Governance for Listed Companies, the Corporate Governance Code and other relevant laws and regulations as well as the Articles of Association. The Company is not aware of any violation of laws, regulations and the Articles of Association by its Directors, Supervisors and senior management in the performance of their duties or damage to the interests of the Company and its shareholders. For details of penalties imposed on the Company during the Reporting Period, please refer to “Section VI, X. Violation of laws and regulations by, punishment on and rectification of the listed company and its directors, supervisors, senior management, controlling shareholders and de facto controller” in this report.

### 18. *Share Capital and Equity and Debt Issuance*

For the Company’s share capital and share and debenture issuance as of December 31, 2023, please refer to “Section VII. Changes in Shares and Information on Shareholders” and “Section IX. Information on Bonds” in this report.

### 19. *Subsequent events*

Other than those disclosed in this report, the Company had no other material events subsequent to the financial year-end date and up to the date of this report.

## VII. THE COMPANY FAILED TO DISCLOSE INFORMATION ACCORDING TO THE STANDARDS DUE TO SPECIAL REASONS, E.G. NON-APPLICABILITY TO THE STANDARDS OR STATE SECRETS AND TRADE SECRETS AND THE DESCRIPTION OF RELEVANT REASONS

The Company belongs to the financial securities industry, proprietary securities investment is the main business of the Company, the relevant securities position involves commercial confidentiality, and the Company has already disclosed the overall situation of proprietary securities investment in the relevant section, therefore, it has not disclosed the details in the standard format.

## Section IV Corporate Governance

### I. RELEVANT DESCRIPTION ON CORPORATE GOVERNANCE

#### (i) Corporate governance

As a public company listed in both Mainland China and Hong Kong, the Company has operated its business in a standard manner and in strict compliance with the requirements under the relevant laws, regulations and regulatory documents in the places where the shares of the Company are listed. The Company has made continuous efforts to maintain and improve the Company's good image in the market. In strict compliance with the requirements under the Company Law, the Securities Law, the Regulations on Supervision and Administration of Securities Companies, the Rules for Governance of Securities Companies, the Code of Corporate Governance for Listed Companies, the Corporate Governance Code and other relevant laws and regulations as well as the Articles of Association, and in order to establish a modern corporate system, the Company has strengthened and refined its corporate governance structure, compliance and risk control system and internal control management system, and shaped a corporate governance structure of listed company where the general meeting, the Board, the Supervisory Committee and the management perform their own functions and responsibilities corresponding to their respective positions in a collaborative manner with effective check and balance, thereby ensuring the prudent and standardized operations of the Company as well as a scientific, standardized and transparent corporate governance. The procedures for convening and holding the Company's general meeting, Board meetings, meetings of the Supervisory Committee and the voting mechanisms with respect thereto are legitimate and valid, with the information disclosed in a true, accurate, complete, timely and fair manner.

The Company continuously improves the Articles of Association and confirms that the objectives of business of the Company are to operate in accordance with national laws, regulations, guidelines and policies, implement the development concepts of innovation, coordination, green, openness and sharing, actively practice the culture and core values of the securities industry, focus on the implementation of national strategies, support the development of the real economy, provide wealth management services to the society, actively fulfill its corporate social responsibility, continuously improve the governance structure with specific duties for each position and effective checks and balances, protect the legitimate rights and interests of investors and stakeholders and seek to maximize the long-term interests of shareholders.

During the Reporting Period, in accordance with the CSRC's the Rules for Governance of Securities Companies, the Work Guidelines for the Investor Relations Management of Listed Companies and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Guidelines for Self-discipline Supervision of Listed Companies on the Shanghai Stock Exchange No. 2 – Information Disclosure Management, and taking into account the actual situation of the Company, the Company formulated the Assessment and Remuneration Management System for Directors and Supervisors of the Company, revised and improved the Administrative Measures for Information Disclosure of the Company, the Administrative Measures for Investor Relations of the Company and other systems in a timely manner, which were considered and approved by the Board or the general meeting of the Company. Through the continuous improvement of the above systems, the corporate governance structure has been constantly standardized and the level of corporate governance has been constantly improved. The chairman has not arranged to meet with the independent non-executive Directors of the Company as required under code provision C.2.7 of the Corporate Governance Code, as the chairman has authorised the Company to inquire of the independent non-executive Directors of the Company and report to them any concerns and/or issues that may exist. The Company has met the requirements of the most code provisions set out in Part 2 of the Corporate Governance Code.

## Section IV Corporate Governance

During the Reporting Period, the Company convened 38 meetings in total, including 3 general meetings, 10 meetings of the Board, 6 meetings of the Supervisory Committee, 2 meetings of the Strategic Development Committee, 5 meetings of the Compliance and Risk Management Committee, 6 meetings of the Remuneration and Nomination Committee and 6 meetings of the Audit Committee under the Board of Directors.

### (ii) Formulation and implementation of insider registration and management system

During the Reporting Period, the Company made more efforts to maintain the confidentiality of insider information, performed its obligation of insider registration, management and confidentiality diligently, kept records of the names of insiders who had accessed to the insider information at the stage of negotiation, planning, demonstration and consultation and contracting as well as in the processes of reporting, delivery, preparation, auditing, resolution and disclosing before its final disclosure in strict compliance with all requirements relating to the procedures and internal control measures of handling and publishing of insider information prescribed in the System regarding Insider Registration, Management and Confidentiality, and kept records of information relating to insiders and memos of progress of major events, in order to effectively prevent insider trading and properly carry out information disclosure.

### (iii) Corporate governance policies and the Board's duties in respect of corporate governance

The Company is in strict compliance with the Hong Kong Listing Rules and takes all the principles set out in the Corporate Governance Code as its corporate governance policies. In respect of the corporate governance function, the terms of reference of the Board include:

1. to develop and review the corporate governance policies and practices of the Company;
2. to review and monitor the training and continuous professional development of the Directors and senior management;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the Company's code of conduct and compliance manual (if any) applicable to employees and Directors;
5. to review the Company's compliance with the Corporate Governance Code and its disclosures in the Corporate Governance Report.

No significant discrepancies exist between corporate governance and the laws, administrative regulations and the requirements of the CSRC on governance of listed companies.



## Section IV Corporate Governance

### II. SPECIFIC MEASURES TAKEN BY THE COMPANY'S CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER TO ENSURE THE INDEPENDENCE OF ASSETS, STAFF, FINANCE, INSTITUTIONS AND BUSINESS OF THE COMPANY, AND SOLUTIONS ADOPTED TO ENSURE THE COMPANY'S INDEPENDENCE, WORK PROGRESS AND FOLLOW-UP WORK PLANS

The Company has no controlling shareholder. As at the end of the Reporting Period, Shenergy Group, the largest shareholder of the Company, held 26.63% of its shares. The Company is completely independent from its shareholders in business, staff, assets, institutions, finance, etc. The Board, the Supervisory Committee and various functional departments all function independently with independent and complete business and self-standing operating capability.

#### (i) Business independence

Pursuant to the regulations under the Company Law and the Articles of Association, and under independent operations within the scope of business as approved by the CSRC, the Company has obtained relevant permits for operations of securities business, by which it shaped its independent and complete business system with the ability to conduct independent operations. Therefore, its business operation is not controlled or influenced by shareholders or related parties. Instead, the Company is able to participate in market competition independently. There is no activity of any shareholder or any related party in violation of the Company's operational procedures or in interference with the Company's internal management and operational decision-making.

#### (ii) Staff independence

The Company has set a special human resources management department, with independent and complete labor, personnel and salary administration system. The Company appointed Directors, Supervisors and senior management through statutory procedures. None of its senior management holds any position other than positions of Director or Supervisor at any shareholders or any of its associates or subsidiaries, nor do they hold any positions in any enterprises that have the same or similar business with that of the Company. There is no occasion where the Company's shareholders act beyond their authority as delegated by the general meeting and the Board to appoint or dismiss Directors, Supervisors or senior management of the Company. Appointment of Directors, Supervisors and senior management strictly complies with the Company Law, the Securities Law and the Articles of Association, and is conducted in lawful procedures. The Company has established a complete labor employment, personnel administration, payroll management and social security system, and all employees have signed labor contracts with the Company according to the laws. The Company has the independent right to sign labor contracts without interference of any shareholders.

## Section IV Corporate Governance

### (iii) Assets independence

The Company operates independent and complete assets which are necessary to conduct securities business. There is no occasion where any shareholders or related parties occupy the Company's assets or infringe the lawful rights of the Company, other shareholders or clients of the Company. The Company operates and manages its assets independently according to the laws and has business licenses, properties, operating equipment and trademarks necessary to conduct business.

### (iv) Institutional independence

The Company has established a solid corporate governance structure. It operates general meeting, the Board, the Supervisory Committee, management and relevant management departments in sound condition, with all divisions accountable for their own responsibilities. The Company has an independent and complete securities operation and management system to independently conduct business operation, and its structure and operation of organizations comply with the relevant requirements of the CSRC. The existing offices and premises are separate from its shareholders, and there is no mix of corporate structure or direct interference against operation of the Company by any shareholders.

### (v) Financial independence

The Company has set up a dedicated financial department, with dedicated financial accounting system and financial management system. The Company makes financial decisions in accordance with decision-making procedures, and there is no occasion where any shareholders or related parties interfere the Company's use of funds. The chief financial officer of the Company is appointed by the Board and works with dedicated financial officers to operate separate accounts at bank. There is no occasion where any shareholders or related parties share any bank accounts with the Company. As an independent tax payer, the Company pays various taxes according to requirements under financial and taxation system.

The Company does not have the controlling shareholder, the de facto controller and other entities under their control are not engaged in the same or similar business as those of the Company, and the Company is not impacted by any horizontal competition or significant changes in horizontal competition.

## Section IV Corporate Governance

### III. BRIEF INTRODUCTIONS TO GENERAL MEETINGS

Session of the meeting	Date of convening	Reference of the website specified for resolutions disclosure	Disclosure date of resolutions	Resolutions of the meeting
2022 annual general meeting	May 10, 2023		May 10, 2023	All resolutions were passed
2023 first extraordinary general meeting	August 18, 2023	<a href="http://www.hkexnews.hk">www.hkexnews.hk</a> <a href="http://www.sse.com.cn">www.sse.com.cn</a>	August 18, 2023	All resolutions were passed
2023 second extraordinary general meeting	October 30, 2023		October 30, 2023	All resolutions were passed

#### Explanations on general meetings

Shareholders are investors of the Company. The Company attaches importance to shareholders' rights. The Articles of Association specifies the rights of shareholders and the way to realize rights. The Company focuses on communication with shareholders in order to enhance shareholders' understanding of the Company and protect shareholders' information right. The Company also values reasonable investment returns and dividend policies for shareholders and protects shareholders' rights to return.

In accordance with the provisions of the Articles of Association, the general meeting of shareholders shall exercise the following powers in accordance with the law: determine the Company's business policy and investment plan; elect and replace directors and supervisors not represented by employee representatives; review and approve the Company's annual financial budget and final settlement plan; review and approve the Company's profit distribution plan; make resolutions on the Company's increase or decrease of share capital and the issuance of any type of stocks, warrants and other similar securities, the issuance of corporate bonds and the hiring, and dismissal or no longer re-appointment of the accounting firm; consider and approve major related party transactions; consider and approve changes in use of proceeds; amendments to the Articles of Association and so on. Shareholders may convene an extraordinary general meeting and make proposals at the general meeting in accordance with the procedures provided in the Articles of Association.

## Section IV Corporate Governance

During the Reporting Period, the Company convened the 2022 annual general meeting at Meeting Room, 15/F, No. 119 South Zhongshan Road, Shanghai, the PRC on May 10, 2023, at which one special resolution, being the “Proposal Regarding the General Mandate to Issue Onshore Debt Financing Instruments of the Company”, and 11 ordinary resolutions, being the “2022 Report of the Board of the Company”, the “2022 Report of the Supervisory Committee of the Company”, the “2022 Work Report of the Independent Directors of the Company”, the “Final Accounts Report of the Company for the year 2022”, the “Profit Distribution Proposal of the Company for the year 2022”, the “Proposal Regarding the Proprietary Business Scale of the Company for the year 2023”, the “Annual Report of the Company for the year 2022”, the “Proposal Regarding the Projected Routine Related Party Transactions of the Company in 2023”, the “Proposal Regarding the Expected Provision of Guarantees by the Company in 2023”, the “Proposal Regarding the Engagement of Auditing Firms for the Year 2023” and the “Proposal in Relation to the Shareholders’ returns of the Company in the next three years (2023-2025)”. The relevant poll results were published on the website of the SSE (<http://www.sse.com.cn>), the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company’s website (<http://www.dfzq.com.cn>) at the date of the meeting and on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily on May 11, 2023.

During the Reporting Period, the Company convened the 2023 first extraordinary general meeting at Meeting Room, 15/F, No. 119 South Zhongshan Road, Shanghai, the PRC on August 18, 2023, at which one ordinary resolution, being the “Resolutions in Relation to the Change of Non-executive Director of the Company”. The relevant poll results were published on the website of the SSE (<http://www.sse.com.cn>), the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company’s website (<http://www.dfzq.com.cn>) at the date of the meeting and on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily on August 19, 2023.

During the Reporting Period, the Company convened the 2023 second extraordinary general meeting at Meeting Room, 15/F, No. 119 South Zhongshan Road, Shanghai, the PRC on October 30, 2023, at which four ordinary resolutions, being the “Resolution in Relation to the Election of Executive Director of the Company”, the “Resolution in Relation to the Election of Independent Non-executive Director of the Company”, the “Resolution in Relation to the Election of Supervisors of the Company”, the “Resolution in Relation to the Formulation of Rules of Appraisal and Remuneration Management of Directors and Supervisors of the Company”. The relevant poll results were published on the website of the SSE (<http://www.sse.com.cn>), the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company’s website (<http://www.dfzq.com.cn>) at the date of the meeting and on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily on October 31, 2023.

None of the shareholders of the Company are holders of preferred shares with voting rights restored. Therefore, none of the extraordinary general meetings were convened by holders of preferred shares with voting rights restored, nor did they convene or chair any general meetings or propose any provisional proposals at a general meeting during the Reporting Period.

## Section IV Corporate Governance

### IV. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### (i) Changes in shareholding and remunerations of current and resigned Directors, Supervisors and senior management during the Reporting Period

Unit: share(s)

Name	Position	Gender	Year of birth	Commencement date of the term of office	Expiry date of the term of office	Shares held at the beginning of the year	Shares held at the end of the year	Changes in shareholding during the year	Reasons for changes	Total pre-tax remuneration received from the Company during the Reporting Period (RMB'0000)	Whether received remuneration from any related party of the Company or not	
Jin Wenzhong	Deputy Party committee secretary	Male	1964	2010-09-08	/	0	0	0	/	263.46	No	
	Executive Director			2010-09-27	Up to now							
Gong Dexiong	Chairman	Male	1969	2021-03-05	Up to now							
	CPC Party committee secretary			2023-09-11	/	0	0	0	/	0.00	Yes	
Lu Weiming	Executive Director	Male	1971	2023-10-30	Up to now							
	Deputy Party committee secretary			2022-03-24	/	0	0	0	/	259.80	No	
	Executive Director			2022-06-30	Up to now							
Yu Xuechun	President	Male	1964	2022-03-30	Up to now							
	Non-executive Director			2021-03-05	Up to now	0	0	0	/	0.00	Yes	
Zhou Donghui	Non-executive Director	Male	1969	2020-05-15	Up to now	0	0	0	/	0.00	No	
Li Yun	Non-executive Director	Female	1964	2023-08-18	Up to now	0	0	0	/	0.00	Yes	
Ren Zhixiang	Non-executive Director	Male	1969	2021-03-05	Up to now	0	0	0	/	0.00	Yes	
Zhu Jing	Employee representative Director	Female	1969	2021-03-05	Up to now	0	0	0	/	191.20	No	
Wu Hong	Independent non-executive Director	Male	1956	2020-12-08	Up to now	0	0	0	/	19.00	No	
Feng Xingdong	Independent non-executive Director	Male	1977	2020-12-08	Up to now	0	0	0	/	16.00	No	
Luo Xinyu	Independent non-executive Director	Male	1974	2021-05-13	Up to now	0	0	0	/	16.00	No	
Chan Hon	Independent non-executive Director	Male	1960	2022-11-08	Up to now	0	0	0	/	16.00	No	
Zhu Kai	Independent non-executive Director	Male	1974	2023-10-30	Up to now	0	0	0	/	3.17	No	
Du Weihua	Deputy Party committee secretary	Male	1964	2020-01-10	/	0	0	0	/	204.28	No	
	Vice chairman of Supervisory Committee			2020-02-19	Up to now							
	Employee representative Supervisor			2020-02-14	Up to now							

## Section IV Corporate Governance

Unit: share(s)

Name	Position	Gender	Year of birth	Commencement date of the term of office	Expiry date of the term of office	Shares held at the beginning of the year	Shares held at the end of the year	Changes in shareholding during the year	Reasons for changes	Total pre-tax remuneration received from the Company during the Reporting Period (RMB'0000)	Whether received remuneration from any related party of the Company or not
Wu Junhao	Shareholder representative Supervisor	Male	1965	2021-03-05	Up to now	0	0	0 /		0.00	Yes
Xu Yongmiao	Shareholder representative Supervisor	Male	1977	2023-10-30	Up to now	0	0	0 /		0.00	Yes
Shen Guangjun	Shareholder representative Supervisor	Male	1979	2021-03-05	Up to now	0	0	0 /		0.00	Yes
Ling Yun	Shareholder representative Supervisor	Male	1975	2023-10-30	Up to now	0	0	0 /		0.00	Yes
Xia Lijun	Independent supervisor	Male	1976	2021-03-05	Up to now	0	0	0 /		10.00	No
Ruan Fei	Employee representative Supervisor	Female	1971	2021-03-05	Up to now	0	0	0 /		175.60	No
Ding Yan	Employee representative Supervisor	Female	1979	2021-03-05	Up to now	0	0	0 /		189.00	No
Shu Hong	Vice president Financial controller	Male	1967	2014-04-16 2021-11-01	Up to now Up to now	0	0	0 /		204.46	No
Zhang Jianhui	Vice president	Male	1968	2015-07-24	Up to now	0	0	0 /		184.24	No
Xu Haining	Vice president	Female	1970	2021-03-05	Up to now	0	0	0 /		189.76	No
Lu Dayin	Chief information officer	Male	1972	2021-11-01	Up to now	0	0	0 /		285.21	No
Jiang Helei	Chief risk officer Chief compliance officer	Male	1974	2022-09-23 2022-10-11	Up to now Up to now	0	0	0 /		208.63	No

## Section IV Corporate Governance

Unit: share(s)

Name	Position	Gender	Year of birth	Commencement date of the term of office	Expiry date of the term of office	Shares held at the beginning of the year	Shares held at the end of the year	Changes in shareholding during the year	Reasons for changes	Total pre-tax remuneration received from the Company during the Reporting Period (RMB'0000)	Whether received remuneration from any related party of the Company or not
Chen Gang	Chief research officer	Male	1976	2023-7-10	Up to now	0	0	0	/	53.33	No
Wu Zezhi	Chief investment officer	Male	1978	2023-7-10	Up to now	0	0	0	/	62.50	No
Wang Rufu	Secretary to the Board	Male	1973	2016-11-28	Up to now	0	0	0	/	177.40	No
Song Xuefeng (resigned)	CPC Party committee secretary	Male	1970	2020-09-09	2023-09-11	0	0	0	/	0.00	Yes
Jin Qinglu (resigned)	Executive Director Independent non-executive Director	Male	1961	2021-03-05 2017-10-16	2023-10-09 2023-10-30	0	0	0	/	17.42	No
Cheng Feng (resigned)	Non-executive Director	Male	1971	2021-03-05	2023-08-18	0	0	0	/	0.00	Yes
Zhang Jian (resigned)	Shareholder representative Supervisor	Male	1965	2021-03-05	2023-10-09	0	0	0	/	0.00	Yes
Tong Jie (resigned)	Shareholder representative Supervisor	Female	1968	2018-03-06	2023-10-09	0	0	0	/	0.00	Yes
Total	/	/	/	/	/	0	0	0	/	2,746.46	/

## Section IV Corporate Governance

### Notes:

1. On July 31, 2023, the “Resolution in Relation to the Proposed Change of Non-executive Director” was considered and approved at the 27th meeting of the fifth session of the Board; on August 18, 2023, the Company held the 2023 first extraordinary general meeting to consider and approve the resolution, so Mr. Cheng Feng ceased to serve as a non-executive Director of the Company, and Ms. Li Yun was elected as a non-executive Director of the fifth session of the Board of the Company.
2. Mr. Jin Qinglu, an independent non-executive Director of the Company, has resigned as an independent non-executive Director of the Company upon the expiry of his term of office in October 2023 due to his six consecutive years of service. At the 2023 second extraordinary general meeting of the Company held on October 30, 2023, Mr. Zhu Kai was elected as an independent non-executive Director of the fifth session of the Board of the Company and Mr. Jin Qinglu has since ceased to serve as an independent non-executive Director of the Company.
3. In October 2023, Mr. Song Xuefeng, the secretary of the CPC party committee and an executive Director of the Company, resigned as the positions such as an executive Director of the Company due to work adjustments; Mr. Zhang Jian and Ms. Tong Jie, the shareholders representative Supervisors of the Company, resigned as a shareholder representative Supervisor of the Company due to work adjustments and retirement at age respectively. On October 30, 2023, the Company held the 2023 second extraordinary general meeting to consider and approve the election of Mr. Gong Dexiong as the executive Director of the fifth session of the Board of the Company, and the election of Mr. Xu Yongmiao and Mr. Ling Yun as shareholders representative Supervisors of the fifth session of the Supervisory Committee of the Company.
4. On July 10, 2023, the Company held the 26th meeting of the fifth session of the Board of the Company, which considered and agreed to appoint Mr. Chen Gang as the chief research officer of the Company and Mr. Wu Zezhi as the chief investment officer of the Company based on the operational management needs of the Company.
5. Remunerations of the Company’s Directors, Supervisors and senior management received from the Company during the Reporting Period include salary in 2023 and the portion required to be granted in 2023 for the 2022 annual performance bonus.
6. During the Reporting Period, the Company’s Directors, Supervisors and senior management did not directly hold the Company’s shares and options (for details of H Shares indirectly held through asset management schemes, please refer to “Section IV, XI, The Company’s Share Incentive Scheme, Employee Stock Ownership Plan or Other Employee Incentives Plans and Their Impacts” in this report), and the Company did not implement any share incentive scheme.
7. The term of office of the fifth session of the Board and the Supervisory Committee of the Company expired on March 4, 2024. Given that the election of the new session is still in preparation, in order to ensure the continuity of the work of the Board and the Supervisory Committee of the Company, the re-election of the fifth session of the Board and the Supervisory Committee of the Company has been postponed.



## Section IV Corporate Governance

Name	Primary working experience
Jin Wenzhong	<p>Mr. Jin Wenzhong, born in 1964, is a member of the CPC, holds a master's degree in economics and is an economist. He currently serves as the deputy secretary of the CPC party committee, chairman of the Board and executive Director of the Company, the chairman of Shanghai Orient Securities Capital Investment Co., Ltd., a director of Orient Securities Futures Co., Ltd., the chairman of Orient Securities Investment Banking Co., Ltd. and a director of Shanghai Orient Securities Innovation Investment Co., Ltd. He served as the deputy manager of the distribution department, the deputy director of the research institute and the assistant to the president of Wanguo Securities from January 1992 to September 1995, the deputy director of the office for enterprise modernization committee of Nomura Securities from October 1995 to December 1997, a member of the CPC party committee and the deputy general manager of the Company from December 1997 to September 2010 and the general manager of the securities investment business department from March 2016 to March 2017. He has been serving as the deputy CPC party committee secretary and executive director of the Company since September 2010 and the president of the Company from September 2010 to March 2022, acting as the chairman of the Board of the Company from October 2020 to March 2021, and serving as the chairman of the Board of the Company since March 2021.</p>

## Section IV Corporate Governance

Name	Primary working experience
Gong Dexiong	<p>Mr. Gong Dexiong, born in 1969, is a member of the Communist Party of China, an executive master of business administration and an economist, and currently serves as the secretary of the CPC party committee and an executive Director of the Company, the vice president of Shenergy (Group) Company Limited, the executive director and general manager of Shenergy Investment Management Co., Ltd., and the Chairman of Shenergy Property &amp; Casualty Insurance Co., Ltd.. Mr. GONG served as the deputy director of the Pudong business outlet of the securities department, head of the investment research section of the securities department, and deputy manager of the securities department of Shanghai International Trust &amp; Investment Corporation; the deputy secretary of the CPC party committee, secretary of the discipline inspection commission, deputy general manager of Shanghai Securities Company Limited and the chairman of Hicend Futures Company Limited; the general manager of the finance management department of Shanghai International Group Co., Ltd.; the general manager, secretary of the CPC party committee and vice chairman of Shanghai Securities Company Limited; the chairman and chief executive officer of Shanghai Guotai Junan Securities Asset Management Co., Ltd.; the chairman of Shanghai Securities Company Limited; the vice president and member of the CPC party committee of Guotai Junan Securities Co., Ltd., and has concurrently served as the president of the asset management business committee, the chairman of Guotai Junan Capital Management Co., Ltd., the chairman, general manager, chairman of the executive committee and president of the wealth management business committee of Guotai Junan Innovation Investment Co., Ltd. and other positions. He has been serving as the vice president of Shenergy (Group) Company Limited since April 2023, the secretary of the CPC party committee of the Company since September 2023, and an executive Director of the Company since October 2023.</p>

## Section IV Corporate Governance

Name	Primary working experience
Lu Weiming	<p>Mr. Lu Weiming, born in 1971, a member of CPC, is a holder of a master's degree in economics and an economist. Currently, he is the deputy secretary of the CPC party committee, executive Director and president of the Company and a director of Orient Finance Holdings (Hong Kong) Limited. He served as the salesman and the project manager of business office of the transaction department of Guotai Securities Co., Ltd. from July 1994 to March 1998, the staff and deputy general manager of the securities investment department under the transaction business department, the director of the securities investment business department, the assistant to the general manager, deputy general manager and deputy general manager (in charge of affairs) of the fixed income business department of the Company from March 1998 to October 2014, the general manager of the Company's fixed income business department from October 2014 to August 2021, an assistant to the president of the Company from September 2017 to September 2020, the general manager of the financial derivatives business department of the Company from January 2021 to March 2021, a vice president of the Company from September 2020 to March 2022, the president of the Company since March 2022 and an executive Director of the Company since June 2022.</p>

## Section IV Corporate Governance

Name	Primary working experience
Yu Xuechun	<p>Mr. Yu Xuechun, born in 1964, is a member of the CPC, holds a bachelor's degree in engineering, and is a senior engineer. He currently serves as a non-executive Director of the Company, the general manager of Shenergy Hongkong Holding Limited, the chairman of supervisory committee of Shenergy Company Limited, and a director of Shanghai Brilliance Credit Rating &amp; Investors Service Co., Ltd. He served as an engineer of Shanghai Electric Automation Research Institute and Shanghai Nanyang International Industrial Co., Ltd., the deputy director of marketing department, office manager and deputy office director of Shenergy Company Limited from November 1995 to April 2005, the deputy office director, deputy manager of asset management department, manager of asset management department and office director of Shenergy (Group) Company Limited from May 2005 to March 2020, an employee representative supervisor of Shenergy (Group) Company Limited from September 2012 to August 2022, and the deputy chief economist and general manager of strategic development department of Shenergy (Group) Company Limited from March 2020 to February 2024.</p>

## Section IV Corporate Governance

Name	Primary working experience
Zhou Donghui	<p>Mr. Zhou Donghui, born in 1969, is a member of the CPC, holds a bachelor's degree in accounting and is a senior accountant. He currently serves as a non-executive Director of the Company, the director of Internal Sales Management and Supervision Division of Shanghai Tobacco Sales Bureau, a director of China Pacific Insurance (Group) Co., Ltd., a director of Shenzhen New Tobacco Product Co., Ltd., the vice chairman of Shanghai Jieqiang Tobacco Sugar &amp; Wine (Group) Co., Ltd., the vice chairman of Shanghai Deqiang Industry Co., Ltd. and a supervisor of AECC Commercial Aircraft Engine Co., Ltd.. He served as a clerk and deputy chief of the financial department of Shanghai Tobacco (Group) Company from July 1991 to September 2000, the deputy manager and manager of the financial department of China Tobacco Shanghai Import and Export Co., Ltd. from September 2000 to September 2008, the deputy director of the investment management department of Shanghai Tobacco (Group) Company from September 2008 to April 2011, the deputy general manager of Shanghai Haiyan Investment Management Company Limited from August 2010 to April 2011, the deputy director of financial department and deputy director of fund management center of Shanghai Tobacco Group Co., Ltd. from April 2011 to February 2015, the standing deputy director of investment department of Shanghai Tobacco Group Co., Ltd. and standing deputy general manager of Shanghai Haiyan Investment Management Company Limited from February 2015 to July 2015, the director of investment management department of Shanghai Tobacco Group Co., Ltd. and a director and general manager of Shanghai Haiyan Investment Management Company Limited from July 2015 to September 2016, the general manager of Shanghai Haiyan Investment Management Company Limited from September 2016 to December 2022, a director of Shanghai Haiyan Investment Management Company Limited from September 2016 to February 2023, and has served as the director of Internal Sales Management and Supervision Division of Shanghai Tobacco Sales Bureau since December 2022.</p>

## Section IV Corporate Governance

Name	Primary working experience
Li Yun	<p>Ms. Li Yun, born in 1964, is a member of the CPC, holds a master's degree in economics, and is a senior editor. She currently serves as a non-executive Director of the Company, the secretary of the CPC party committee and the president of Shanghai United Media Group, the chairman of Shanghai Zhongyuan Capital Management Co., Ltd.* (上海眾源資本管理有限公司), a director of China Universal Asset Management Company Limited, the chairman of Shanghai Ruili Investment Fund Management Company Limited* (上海瑞力投資基金管理有限公司), and the chairman of Shanghai Ruiyi Investment Management Company Limited* (上海瑞壹投資管理有限公司). Since 1984, she has successively served as the secretary of the CPC youth league committee and a teacher of Shanghai Fourth Teacher Training College* (上海第四師範學校), deputy director, director and deputy secretary of the school department of the Luwan District Committee of the Communist Youth League, deputy director of the Luwan District Women's Federation, deputy director of the Luwan District Committee Office, and secretary of the Party Working Committee of Wuliqiao Street in Luwan District and other positions. From May 2001, she was appointed as a member of the Standing Committee of the Luwan District Committee and Director of the Propaganda Department. From September 2002, she was appointed as a member of the Standing Committee of the Minhang District Committee and Director of the Propaganda Department. From July 2008, she was successively appointed as the deputy secretary of the CPC party committee and the secretary of the Discipline Inspection Commission of Jiefang Press Group* (解放日報報業集團), the secretary of the CPC party committee of Jiefang Daily* (解放日報). Since October 2013, she has served as the deputy secretary of the CPC party committee of Shanghai United Media Group (上海報業集團), the secretary of the CPC party committee and the president of Jiefang Daily* (解放日報). From November 2021, she has served as the secretary of the CPC party committee and the president of Shanghai United Media Group (上海報業集團).</p>

## Section IV Corporate Governance

Name	Primary working experience
Ren Zhixiang	<p>Mr. Ren Zhixiang, born in 1969, is a member of the CPC and holds a doctorate degree in economics. He currently serves as a non-executive Director of the Company, the deputy secretary of the CPC party committee and director and general manager of Zheneng Capital Holdings Co., Ltd., a director of Zhejiang Fuzhe Investment Co., Ltd., the vice chairman of Zheshang Property and Casualty Insurance Co., Ltd. and a director of China Zheshang Bank Co., Ltd. He served as an office clerk, engineer and secretary of the CPC youth league committee of Zhejiang Water Conservancy and Hydropower Engineering Bureau from August 1995 to August 2001, a senior researcher and deputy general manager of investment banking division of Zhejiang International Trust &amp; Investment Company Ltd. from June 2004 to February 2007, a senior director of asset management department of Zhejiang Provincial Energy Group Co., Ltd. from February 2007 to October 2010, the chief economist, deputy director and director of strategy management and legal department of Zhejiang Provincial Energy Group Co., Ltd. from October 2010 to October 2019, the deputy secretary to the CPC party committee and general manager of Zheneng Capital Holdings Co., Ltd. since October 2019, and a director of Zheneng Capital Holdings Co., Ltd. since June 2020.</p>

## Section IV Corporate Governance

Name	Primary working experience
Zhu Jing	<p>Ms. Zhu Jing, born in 1969, is a member of the CPC and holds a master's degree in economics. She currently serves as an employee representative Director, the general manager of strategic development department and the director of union office of the Company, a director and general manager of Orient Finance Holdings (Hong Kong) Limited, a director of Orient Securities Futures Co., Ltd., a director of Orient Securities International Financial Group Co., Ltd., a director of Chengtay Financial Leasing (Shanghai) Co., Ltd. and a director of Great Wall Fund Management Co., Ltd. She served as a staff of Xi'an Mining Machinery Factory from July 1992 to May 1995, the manager and deputy general manager of securities management department of Shanghai Caitong International Investment Management Co., Ltd. from May 1995 to February 1999, a staff, business planning director, senior operation director and assistant to general manager of brokerage business department, assistant to general manager and deputy general manager of operational management department and deputy director of the Board office of the Company from March 1999 to January 2015, the general manager of strategic development department of the Company since February 2015, and the director of union office of the Company since September 2021.</p>



## Section IV Corporate Governance

Name	Primary working experience
Wu Hong	<p>Mr. Wu Hong, born in 1956, is a member of the CPC and holds a degree of bachelor of laws. He currently serves as an independent non-executive Director of the Company, a professor and a doctoral supervisor of East China University of Political Science and Law, an independent director of Shanghai Pudong Development Bank Co., Ltd., the chairman of supervisory committee of Keboda Technology Co., Ltd., and an independent director of Bank of Nanjing Co., Ltd.. He has been working in East China University of Political Science and Law since July 1984, and used to serve as the dean of School of Economic Laws of East China University of Political Science and Law.</p>
Feng Xingdong	<p>Mr. Feng Xingdong, born in 1977, is a member of the CPC and holds a doctorate degree in statistics. He currently serves as an independent non-executive Director of the Company, the dean, a professor of statistics and doctoral supervisor of School of Statistics and Management of Shanghai University of Finance and Economics. He served as an assistant professor of statistics and an associate professor of statistics of School of Statistics and Management of Shanghai University of Finance and Economics from June 2011 to June 2015, a professor and doctoral supervisor of School of Statistics and Management of Shanghai University of Finance and Economics since July 2015, and the dean of School of Statistics and Management of Shanghai University of Finance and Economics since November 2019.</p>

## Section IV Corporate Governance

Name	Primary working experience
Luo Xinyu	<p>Mr. Luo Xinyu, born in 1974, is a member of the CPC and holds a master's degree. He is currently an independent non-executive Director of the Company, the general manager (president) of Shanghai State-owned Capital Operation Research Institute Co., Ltd., chairman of Shanghai State-owned Capital Training Center Co., Ltd., a director of Shanghai Pudong Technology Investment Co., Ltd., a director of Hangzhou Industrial Investment Group Co., Ltd., a director of Ningbo Development Investment Group Co., Ltd., a director of Dalian State-owned Assets Management Co., Ltd., an independent director of Huatai Securities (Shanghai) Asset Management Co., Ltd., a director of Kunshan Culture Business Tourism Group Co., Ltd., a director of Shanghai Yangpu State-owned Assets Management Co., Ltd., a director of Luoyang Guohong Investment Holdings Group Co., Ltd., a supervisor of Shanghai Guosheng Guxian Venture Capital Investment Management Co., Ltd., an executive director of Shanghai Shengzhizi Corporate Management Co., Ltd., and an executive director of Shanghai Guoyan Corporate Management Co., Ltd.. He once served as a reporter from China Youth Daily, and a reporter from Xinhua News Agency Shanghai Branch. From July 2004 to July 2009, he served as the general manager of the membership department of Shanghai United Assets and Equity Exchange, from July 2009 to April 2020, he successively served as the deputy director of the board office and the strategy and investment decision committee of Shanghai Guosheng (Group) Co., Ltd. and served as the general manager (president) of Shanghai State-owned Capital Operation Research Institute Co., Ltd. since June 2018.</p>

## Section IV Corporate Governance

Name	Primary working experience
Chan Hon	<p>Mr. Chan Hon, born in 1960, holds a bachelor's degree. He is currently an independent non-executive Director of the Company and an arbitrator of China International Economic and Trade Arbitration Commission, Beijing International Arbitration Center, Hong Kong International Arbitration Centre, Singapore International Arbitration Centre and Shanghai International Arbitration Center. From January 1993 to May 1997, he served as a lawyer in Allen &amp; Overy in the United Kingdom, from June 1997 to June 1999, he served as a legal counsel of investment banking in Credit Suisse, from July 1999 to June 2006, he served as a legal counsel in ING Bank in Hong Kong, from July 2006 to November 2016, he served as the head of the Compliance and Legal Department for Deutsche Bank's China operations.</p>
Zhu Kai	<p>Mr. Zhu Kai, born in 1974, is a member of the Communist Party of China and a doctorate in accounting. He currently serves as an independent non-executive Director of the Company, the vice dean and professor of the Graduate School of Shanghai University of Finance and Economics. He graduated from Nanjing University with a master's degree in accounting in June 1999, served as a lecturer in the Accounting Department of the Business School of Nanjing University from July 1999 to January 2001, graduated from Shanghai University of Finance and Economics with a doctorate degree in accounting from March 2001 to March 2004, and has served as a professor in the School of Accounting of Shanghai University of Finance and Economics since April 2004 and a vice dean of the School of Accounting of Shanghai University of Finance and Economics from February 2016 to September 2023.</p>

## Section IV Corporate Governance

Name	Primary working experience
Du Weihua	<p>Mr. Du Weihua, born in 1964, is a member of the CPC and holds a master's degree in economics and is an associate professor. Currently, he is the deputy secretary of the CPC party committee, the secretary of the discipline inspection commission, the vice chairman of the Supervisory Committee, an employee representative Supervisor and chairman of the work union of the Company, a supervisor of Shanghai Orient Securities Capital Investment Co., Ltd., a supervisor of Shanghai Orient Securities Innovation Investment Co., Ltd., a supervisor of Orient Securities Futures Co., Ltd. and the director-general in Shanghai Orient Securities Xindeyizhang Public Welfare Foundation. Mr. Du served as a teacher in the School of Finance at Shanghai University of Finance and Economics from July 1984 to June 1998, and the manager of sales department, assistant to the general manager and deputy general manager of the brokerage business department, general manager of the operation and management department, and the general manager of human resources management department of the Company from June 1998 to May 2017, an assistant to the president and employee representative Supervisor of the Company from January 2012 to August 2015. He served as vice president of the Company from August 2015 to February 2020, an employee representative Director from March 2018 to February 2020, the deputy secretary of the CPC party committee and the secretary of the discipline inspection commission of the Company since January 2020 and the vice chairman of the Supervisory Committee and an employee representative Supervisor of the Company since February 2020.</p>

## Section IV Corporate Governance

Name	Primary working experience
Wu Junhao	<p>Mr. Wu Junhao, born in 1965, a member of the CPC, holds a master's degree in management and is a senior economist. Currently, he is a shareholder representative Supervisor of the Company, the chairman of supervisory committee of Shanghai Shenergy ICY Equity Investment Co., Ltd., a director of Shanghai ICY New Energy Venture Capital Investment Co., Ltd., the chairman of supervisory committee of Shanghai ICY Capital Co., Ltd., and a supervisor of China Everbright Bank Company Limited. He also served as the deputy director of Shanghai Shenergy Asset Management Co., Ltd. from September 2003 to January 2006, and the deputy director, director and senior manager of the asset management department, and the deputy manager (in charge of affairs) of the financial management department in Shenergy (Group) Company Limited from January 2006 to April 2011. Mr. Wu has been serving as the general manager of financial management department in Shenergy (Group) Company Limited from April 2011 to January 2024.</p>

## Section IV Corporate Governance

Name	Primary working experience
Xu Yongmiao	<p>Mr. Xu Yongmiao, born in 1977, is a member of the Communist Party of China and holds a master's degree in business administration. He currently serves as a shareholder representative Supervisor of the Company, the deputy general manager and a member of the CPC party committee of Shanghai Branch of China Post Group Corporation Limited, and a director of Beijing Yingge Barcode Technology Development Co., Ltd.* (北京英格條碼技術發展有限公司). He served as the assistant to the manager, assistant to the director, assistant to the general manager and director of the business service department of Guangzhou Express Company of Guangzhou Municipal Postal Administration, the market expansion department of the operation bureau and Guangzhou Express Company from July 1999 to July 2004, the deputy director of the marketing department and the director of the express delivery business department of the Guangdong Province Postal Logistics Bureau and the Express Delivery Bureau, and the director of the express delivery business department of the Guangdong Province Postal Express Logistics Bureau from July 2004 to March 2009, the deputy manager and general manager of the delivery business department of Guangdong Province Postal Express and Logistics Company from March 2009 to July 2012, the general manager of Maoming Branch of Guangdong Postal Express &amp; Logistics Co., Ltd.* (廣東省郵政速遞物流有限公司) from July 2012 to October 2013, and worked at the marketing department of China Postal Express &amp; Logistics Company Limited from August 2013 until May 2014. From May 2014 to July 2018, he served as the deputy general manager and general manager of the marketing department and general manager of the market management department of China Postal Express &amp; Logistics Company Limited. From July 2018 to January 2022, he served as the general manager of the marketing department of the post office and the general manager of the delivery department of China Post Group Corporation; he has served as the deputy general manager and a member of the CPC party Committee of Shanghai Branch of China Post Group Corporation Limited since January 2022.</p>

## Section IV Corporate Governance

Name	Primary working experience
Shen Guangjun	<p>Mr. Shen Guangjun, born in 1979, a member of the CPC, holds a master's degree in accountancy. Currently, he is a shareholder representative Supervisor of the Company, the deputy chief accountant of Shanghai Construction Group Co., Ltd., the deputy managing director of Shanghai Construction Group (Hainan) Investment Co., Ltd., a supervisor of Shanghai Construction Environmental Technology Co., Ltd., a director of Shanghai Construction No. 2 (Group) Co., Ltd., a director of Shanghai Gardens (Group) Co., Ltd., a director of Shanghai Pudong BOC Fullerton Community Bank Co., Ltd., a director of Shanghai Foreign Trade Group Holdings Co., Ltd., a director China Shanghai Foreign Trade (Group) Co., Ltd. and the chairman of SCG Yiyun Technology Co., Ltd. He served as a staff, assistant to manager, deputy manager and general manager of asset and finance department of Shanghai Municipal Engineering Design General Institute (Group) Co., Ltd. from April 2004 to May 2017, the deputy chief accountant and general manager of asset and finance department of Shanghai Municipal Engineering Design General Institute (Group) Co., Ltd. from May 2017 to February 2018, the assistant to president (assistant to director), deputy chief accountant (in charge of affairs) and general manager of asset and finance department of Shanghai Municipal Engineering Design General Institute (Group) Co., Ltd. from February 2018 to June 2019, the chief accountant of the overseas business department of Shanghai Construction Group Co., Ltd. from June 2019 to March 2021, and the deputy chief accountant of Shanghai Construction Group Co., Ltd. since March 2021.</p>
Ling Yun	<p>Mr. Ling Yun, born in 1975, is a member of the Communist Party of China and holds a bachelor's degree in business administration. He currently serves as a shareholder representative Supervisor of the Company, the deputy general manager of the planning and finance department of Shanghai Jinqiao Export Processing Zone Development Co., Ltd., and serves as the chief financial officer of Shanghai Zongshun Construction and Development Co., Ltd., the chief financial officer of Shanghai Zong'ao Construction and Development Co., Ltd., and the chief financial officer of Shanghai Zongnuo Construction and Development Co., Ltd. Previously, he served as the accounting supervisor and assistant to the general manager of the planning and finance department of Shanghai Jinqiao Export Processing Zone Development Co., Ltd. from June 2007 to January 2018 and the deputy general manager of the planning and finance department of Shanghai Jinqiao Export Processing Zone Development Co., Ltd. since January 2018.</p>

## Section IV Corporate Governance

Name	Primary working experience
Xia Lijun	<p>Mr. Xia Lijun, born in 1976, a member of the CPC, holds a doctorate degree in accountancy and is a certified public accountant. Currently, he is the independent Supervisor of the Company, a professor and a doctoral supervisor of Antai College of Economics and Management of Shanghai Jiao Tong University, a member of the Guiding Committee of Professional Education of Accountancy of the Ministry of Education of the PRC, a member of China Audit Society, an executive member of Accounting Society of Shanghai, the vice president of Shanghai Cost Research Society, an independent director of Shengtai Intelligent Manufacturing Group Co., Ltd.* (盛泰智造集團股份有限公司), an independent director of Huatai Baoxing Fund Management Co., Ltd., an independent director of Shenzhen Huitai Medical Equipment Co., Ltd., an independent director of Shanghai Tongji Science &amp; Technology Industrial Co., Ltd., an independent director of Jiangsu Recbio Technology Co., Ltd., an independent director of Shanghai Zhenhua Heavy Industries Co., Ltd. and an executive director of Shanghai Bacai Information Technology Co., Ltd. She served as a lecturer, master's supervisor, professor and doctoral supervisor of School of Accountancy of Shanghai University of Finance and Economics from July 2006 to March 2011, the head of Department of Accountancy of Antai College of Economics and Management of Shanghai Jiao Tong University from March 2011 to March 2023, and a professor and a doctoral supervisor of Antai College of Economics and Management of Shanghai Jiao Tong University since March 2011.</p>



## Section IV Corporate Governance

Name	Primary working experience
Ruan Fei	<p>Ms. Ruan Fei, born in 1971, is a member of the CPC, holds a master's degree in finance, and is a senior accountant and senior economist. Currently, she is the deputy secretary of the discipline inspection commission of the Company, an employee representative Supervisor, the secretary to the Supervisory Committee, office director of the Supervisory Committee and director of the discipline inspection office of the Company. She served as a researcher of the development research department of China Worldbest Group Co., Ltd. from January 1997 to June 1998, a researcher of the securities research institute of the Company from June 1998 to March 2005, the assistant to office director and deputy office director of the Company from March 2005 to March 2012, the secretary to the Supervisory Committee and office director of the Supervisory Committee of the Company since March 2012, the director of the discipline inspection office of the Company since December 2012 and the deputy secretary of the discipline inspection commission of the Company since January 2024.</p>
Ding Yan	<p>Ms. Ding Yan, born in 1979, is a member of the CPC, holds a master's degree in economic laws and a degree of master of science, and is an economist. Currently, she is an employee representative Supervisor of the Company, the general manager of the audit department of the Company, a director of Shanghai Orient Securities Capital Investment Co., Ltd., a supervisor of Orient Securities Investment Banking Co., Ltd. and a supervisor of Great Wall Fund Management Co., Ltd. She served as a clerk and deputy chief clerk of the banking management department and the office of People's Bank of China, Shanghai branch from August 2001 to August 2005, the deputy chief clerk, chief clerk and section chief of the secretariat of general management department and the anti-money laundering division of financial services department II of People's Bank of China, Shanghai headquarter from August 2005 to January 2017, the assistant to general manager, deputy general manager and deputy general manager (in charge of affairs) of the audit centre of the Company from January 2017 to September 2022, and the general manager of the audit centre of the Company since October 2022.</p>

## Section IV Corporate Governance

Name	Primary working experience
Shu Hong	<p>Mr. Shu Hong, born in 1967, a member of CPC, is a holder of a master's degree in business administration and an engineer. Currently, he is a vice president and chief financial officer of the Company, and the chief information officer of Orient Securities Investment Banking Co., Ltd. Mr. Shu Hong served as the manager for the computer network center system development department of Shenyin &amp; Wanguo Securities Co., Ltd. from January 1993 to October 1998, and the head and general manager of the information technology center of Orient Securities Limited Liability Company (東方證券有限責任公司) from October 1998 to March 2004. He also served as the assistant to president and general manager of the information technology center, the assistant to president and general manager of the brokerage business department, the director of IT technology and assistant to president, operating controller and assistant to president, and operating controller of the Company from December 2001 to April 2014 and the chief information officer of the Company from June 2019 to November 2021. Mr. Shu has been serving as vice president of the Company since April 2014 and serving as the chief financial officer of the Company since November 2021.</p>

## Section IV Corporate Governance

Name	Primary working experience
Zhang Jianhui	<p>Mr. Zhang Jianhui, born in 1968, a member of CPC, is a holder of a master's degree in economics and business administration, an economist and an accountant. Currently, he is a vice president of the Company, the chairman of Shanghai Orient Securities Innovation Investment Co., Ltd., chairman of Orient Finance Holdings (Hong Kong) Limited, chairman and general manager of Orient Securities International Financial Group Limited, a non-employee representative director of China Securities Credit Investment Co., Ltd. and a supervisor of Shanghai ICY New Energy Venture Capital Investment Co., Ltd.. Mr. Zhang served as a clerk of Shanghai Pudong Development Bank from March 1994 to March 1998, the assistant to the general manager of the fund and financial management department of Orient Securities Company Limited from March 1998 to July 2003, the deputy general manager and general manager for Liaoning administrative department, the deputy general manager (in charge of affairs) and general manager of the fund and financial management department of the Company from July 2003 to June 2015, the chief financial officer of the Company from May 2014 to November 2021, and concurrently served as the general manager of the planned financial management department of the Company from June 2015 to August 2019 and the general manager of the fund management department from August 2020 to November 2021. Mr. Zhang has been serving as the vice president of the Company since July 2015 and the general manager of Orient Securities International Financial Group Limited since July 2023.</p>

## Section IV Corporate Governance

Name	Primary working experience
Xu Haining	<p>Ms. Xu Haining, born in 1970, a member of CPC, holds a doctorate in business administration and is an accountant. Currently, she is a vice president and the general manager of the finance management department of the Company. She served as a member of the finance section and deputy chief of the finance department of Marine Geology Comprehensive Research Brigade of the Ministry of Geology and Mineral Resources (地質礦產部海洋地質綜合研究大隊) from July 1990 to December 1997, the manager of the finance department and deputy chief accountant of Shanghai Haitai Construction Engineering (Group) Co., Ltd. (上海海地建設工程(集團)有限公司) from December 1997 to October 2001, the vice president of China Merchants Holdings Co., Ltd. (通商控股有限公司) from March 2002 to May 2007, the general manager and chairman of Shanghai Guanghe Investment Co., Ltd. (上海廣和投資有限公司) from May 2007 to December 2008, the deputy general manager of Shanghai HNA Daxinhua Real Estate Co., Ltd. (上海海航大新華置業有限公司) from June 2010 to January 2011, the general manager of Grand China Logistics Holding (Group) Company Limited from January 2011 to August 2011, the general manager of Shanghai Daxinhua Investment Management Co., Ltd. (上海大新華投資管理有限公司) from August 2011 to December 2011, and the director and executive vice president of Shanghai Nine Dragon Co., Ltd. from December 2011 to October 2012. She served as the deputy general manager of the Company's sales and trading department (in charge of affairs) from October 2012 to October 2014, and the assistant to the president of the Company from September 2017 to March 2021, and has been serving as the general manager of the Company's wealth management business department since October 2014 and a vice president of the Company since March 2021.</p>

## Section IV Corporate Governance

Name	Primary working experience
Lu Dayin	<p>Mr. Lu Dayin, born in 1972, a member of CPC, is a holder of doctorate degree in management and a senior economist. Currently, he is the chief information officer of the Company, the secretary of the CPC party committee and chairman of Orient Securities Futures Co., Ltd., and the chairman of Orient Futures International (Singapore) Pte Ltd. Mr. Lu served as a computer specialist, assistant to manager and deputy manager of the business outlet of Shenyin &amp; Wanguo Securities Co., Ltd. from July 1994 to June 2001, a staff, assistant to general manager and deputy general manager of the information technology center of the Company from June 2001 to July 2002, the deputy general manager (in charge of works) of e-commerce business department of the Company from July 2002 to March 2004, the deputy general manager of brokerage business department from March 2004 to October 2009, the deputy general manager and general manager of Orient Securities Futures Co., Ltd. from October 2009 to January 2021, and has been serving as the secretary of the CPC party committee of Orient Securities Futures Co., Ltd. since November 2020, the chairman of Orient Securities Futures Co., Ltd. since December 2020 and the chief information officer of the Company since November 2021.</p>

## Section IV Corporate Governance

Name	Primary working experience
Jiang Helei	<p>Mr. Jiang Helei, born in 1974, holds a master's degree in economics. Currently, he is the chief compliance officer, chief risk officer, and general manager of the compliance and legal management headquarters of the Company, a director of Shanghai Orient Securities Asset Management Co., Ltd., a director of Orient Securities Futures Co., Ltd. and a director of Shanghai Orient Securities Innovation Investment Co., Ltd. He served as the clerk of the planning and finance department of Shanghai Baoshan Steel Group Co. Ltd. (上海寶山鋼鐵集團有限公司) from July 1996 to September 1998, a project manager at research and development department and the M&amp;A &amp; reorganization department of the Shanghai Yashang Enterprise Consulting Co., Ltd (上海亞商企業諮詢股份有限公司) from September 1998 to November 2000, a staff at the inspection office of Shanghai Securities Regulatory Bureau of the CSRC (中國證監會上海證券監管辦公室) from November 2000 to November 2001, a deputy senior staff at the No. 2 investigation office of Shanghai Securities Regulatory Bureau of the CSRC from November 2001 to March 2004, a senior staff of the No. 1 investigation office of Shanghai Securities Regulatory Bureau of the CSRC from March 2004 to October 2004, a senior staff, deputy researcher and deputy director at the No. 2 regulatory office of Shanghai Securities Regulatory Bureau of the CSRC from October 2004 to April 2013, a researcher at the No. 1 regulatory office of Shanghai Securities Regulatory Bureau of the CSRC from April 2013 to January 2016, a researcher at the No. 2 inspection office of Shanghai Securities Regulatory Bureau of the CSRC from January 2016 to October 2016 (concurrently serving as the vice president and chief secretary of Shanghai Securities Association (上海市證券同業公會) from March 2014 to June 2016), the deputy general manager of Shanghai Boweiycheng Investment (Group) Co., Ltd. (上海博威益誠投資(集團)有限公司) from November 2016 to October 2020, the deputy general manager of Oriental Huayu Capital Management Co., Ltd. (東方華宇資本管理有限公司) from November 2020 to March 2021, and the vice president and chief compliance officer of Shanghai Jiyou Fund Sales Co., Ltd. (上海基煜基金銷售有限公司) from April 2021 to July 2022. Mr. Jiang has served as the chief risk officer of the Company since September 2022 and as the chief compliance officer of the Company since October 2022, and the general manager of the compliance and legal management headquarters of the Company since December 2023.</p>

## Section IV Corporate Governance

Name	Primary working experience
Chen Gang	<p>Mr. Chen Gang, born in 1976, is a member of the CPC, holds a doctoral degree in management science and engineering. Currently, he is the chief research officer and the director of the securities research institute of the Company and a director of Orient Finance Holdings (Hong Kong) Limited. He served as a researcher of Central China Securities from October 2003 to January 2004, a staff member of Shanghai Yuji Industrial Co., Ltd.* (上海裕基實業有限公司) from January 2004 to April 2004, a researcher of Shanghai Richen Asset Management Co., Ltd. (上海融昌資產管理有限公司) from April 2004 to November 2004, an investment manager of Shanghai Yuji Industrial Co., Ltd. from November 2004 to September 2005, an industry researcher, an assistant to the director and an executive director of the Company's securities research institute from September 2005 to May 2012, the general manager of the securities research institute of Everbright Securities from May 2012 to February 2014, the proposed director of the Company's securities research institute from February 2014 to March 2014, the director of the Company's securities research institute since March 2014 and the chief research officer of the Company since July 2023.</p>
Wu Zezhi	<p>Mr. Wu Zezhi, born in 1978, is a member of the CPC, holds a doctoral degree in statistics. Currently, he is the chief investment officer, the general manager of the fixed income business department, the general manager of the securities investment business department of the Company, a director of Orient Finance Holdings (Hong Kong) Limited and a director of Orient Securities International Financial Group Co., Ltd.. He served as the business manager and senior investment manager of the fixed income business department of the Company from April 2005 to October 2010, the assistant to the general manager of the fixed income business department of the Company from October 2010 to January 2013, the deputy general manager of the fixed income business department of the Company from January 2013 to April 2020, the joint general manager of the fixed income business department of the Company from April 2020 to August 2021, the general manager of the financial derivatives business department of the Company from March 2021 to December 2023, the general manager of the fixed income business department of the Company since August 2021, and the chief investment officer and the general manager of the securities investment business department of the Company since July 2023.</p>

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Name	Primary working experience
Wang Rufu	<p>Mr. Wang Rufu, born in 1973, is a member of the CPC, holds a master's degree in engineering and is a certified public accountant. Currently, he is the secretary to the Board, the joint company secretary and the director of board office of the Company, a supervisor of China Universal Asset Management Company Limited and a director of Shanghai ICY New Energy Venture Capital Investment Co., Ltd.. He served as the comprehensive planning specialist of the planning and coordination department and the strategic management specialist of the development and coordination office of Shenyin &amp; Wanguo Securities from August 2002 to April 2004, the assistant to the general manager of the planning and development department and the deputy director (in charge of affairs) of the secretariat of Jinxin Securities from May 2004 to October 2005, the senior researcher of the securities market strategy of the research institute of the Company from October 2005 to March 2008, the senior director, assistant to the director and deputy director (securities affairs representative) of the board office from March 2008 to October 2014, the director of the board office of the Company since October 2014, the secretary to the Board of the Company since November 2016, and the joint company secretary since November 2019.</p>



## Section IV Corporate Governance

### (ii) Employment of Directors, Supervisors and senior management

#### 1. Employment at the shareholder entities

Name of employee	Name of the shareholder entities	Position at the shareholder entities	Commencement date of the term of office	Expiry date of the term of office
Gong Dexiong	Shenergy (Group) Company Limited	Vice president	April 2023	Up to now
Yu Xuechun	Shenergy (Group) Company Limited	Deputy chief economist and general manager of strategic development department	March 2020	February 2024
Li Yun	Shanghai United Media Group	Secretary of the CPC party committee and president	November 2021	Up to now
Ren Zhixiang	Zheneng Capital Holdings Limited	Deputy secretary of the CPC party committee and general manager	October 2019	Up to now
Wu Junhao	Shenergy (Group) Company Limited	Director General manager of financial management department	June 2020 April 2011	Up to now January 2024
Xu Yongmiao	China Post Group Corporation Limited Shanghai Branch	Deputy general manager and Member of the CPC Party committee and	January 2022	Up to now
Shen Guangjun	Shanghai Construction Group Co., Ltd.	Deputy chief accountant	March 2021	Up to now
Ling Yun	Shanghai Jinqiao Export Processing Zone Development Co., Ltd.	Deputy general manager of the planning and finance department	January 2018	Up to now
Employment at the shareholder entities	Nil			

## Section IV Corporate Governance

### 2. Employment at other entities

Name of employee	Name of other entities	Position at other entities	Commencement date of the term of office	Expiry date of the term of office
Gong Dexiong	Shenergy Investment Management Co., Ltd.	Executive director and general manager	September 2023	Up to now
	Shenergy Property & Casualty Insurance Co., Ltd.	Chairman	January 2024	Up to now
Jin Wenzhong	Shanghai Orient Securities Capital Investment Co., Ltd.	Chairman	March 2012	Up to now
	Orient Securities Investment Banking Co., Ltd.	Chairman	September 2020	Up to now
	Shanghai Orient Securities Innovation Investment Co., Ltd.	Director	November 2012	Up to now
Lu Weiming	Orient Securities Futures Co., Ltd.	Director	December 2014	Up to now
	Orient Finance Holdings (Hong Kong) Limited	Director	November 2022	Up to now
Yu Xuechun	Shenergy Hongkong Holding Limited	General manager	July 2020	Up to now
	Shenergy Company Limited	Chairman of the supervisory committee	June 2020	Up to now
	Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.	Director	July 2010	Up to now
	Shanghai Shenergy Nengchuang Energy Development Co., Ltd.	Director	June 2021	January 2024
Zhou Donghui	Shanghai Jieqiang Tobacco Sugar & Wine (Group) Co., Ltd.	Vice chairman	August 2015	Up to now
	Shanghai Deqiang Industry Co., Ltd.	Vice chairman	August 2015	Up to now
	Shenzhen New Tobacco Product Co., Ltd.	Director	May 2018	Up to now
	Haitong Securities Co., Ltd.	Director	June 2020	October 2023
	China Pacific Insurance (Group) Co., Ltd.	Director	January 2021	Up to now
	AECC Commercial Aircraft Engine Co., Ltd.	Supervisor	March 2015	Up to now

## Section IV Corporate Governance

Name of employee	Name of other entities	Position at other entities	Commencement date of the term of office	Expiry date of the term of office
Li Yun	Shanghai Zhongyuan Capital Management Co., Ltd.* (上海眾源資本管理有限公司)	Chairman	July 2022	Up to now
	China Universal Asset Management Company Limited	Director	August 2023	Up to now
	Shanghai Real Power Capital Co., Ltd.	Chairman	August 2023	Up to now
	Shanghai Ruiyi Investment Management Co., Ltd.	Chairman	September 2023	Up to now
Ren Zhixiang	Zhejiang Fuzhe Investment Co., Ltd.	Director	November 2019	Up to now
	Zheshang Property and Casualty Insurance Co., Ltd.	Vice chairman	January 2021	Up to now
Zhu Jing	China Zheshang Bank Co., Ltd.	Director	December 2020	Up to now
	Orient Finance Holdings (Hong Kong) Limited	Director	August 2015	Up to now
		General manager	April 2019	Up to now
	Orient Securities Futures Co., Ltd.	Director	February 2016	Up to now
	Orient Securities International Financial Group Co., Ltd.	Director	August 2018	Up to now
	Chengtay Financial Leasing (Shanghai) Co., Ltd.	Director	November 2021	Up to now
	Great Wall Fund Management Co., Ltd.	Director	June 2020	Up to now
Wu Hong	Shanghai Pudong Development Bank Co., Ltd.	Independent director	December 2020	Up to now
	Keboda Technology Co., Ltd.	Chairman of supervisory committee	May 2023	Up to now
	Bank of Nanjing Co., Ltd.	Independent director	January 2024	Up to now
	Western Leadbank Fund Management Co., Ltd.	Independent director	December 2020	November 2023
Feng Xingdong	School of Statistics and Management of Shanghai University of Finance and Economics	Dean	November 2019	Up to now

## Section IV Corporate Governance

Name of employee	Name of other entities	Position at other entities	Commencement date of the term of office	Expiry date of the term of office
Luo Xinyu	Shanghai State-owned Capital Operation Research Institute Co., Ltd.	General manager (president)	June 2018	Up to now
	Shanghai State-owned Capital Training Center Co., Ltd.	Chairman	July 2020	Up to now
	Shanghai Pudong Technology Investment Co., Ltd.	Director	September 2017	Up to now
	Kunshan Culture Business Tourism Group Co., Ltd.	Director	May 2019	Up to now
	Shanghai Guosheng Guxian Venture Capital Investment Management Co., Ltd.	Supervisor	December 2012	Up to now
	Shanghai Shengzhizi Corporate Management Co., Ltd.	Executive director	May 2020	Up to now
	Shanghai Yangpu State-owned Assets Management Co., Ltd.	Director	July 2022	Up to now
	Shanghai Guoyan Corporate Management Co., Ltd.	Executive director	August 2022	Up to now
	Luoyang Guohong Investment Holdings Group Co., Ltd.	Director	September 2022	Up to now
	Dalian State-owned Assets Management Co., Ltd.	Director	November 2022	Up to now
	Hangzhou Industrial Investment Group Co., Ltd.	Director	December 2022	Up to now
	Huatai Securities (Shanghai) Asset Management Co., Ltd.	Independent director	December 2022	Up to now
	Ningbo Development Investment Group Co., Ltd.	Director	January 2023	Up to now
	Zhu Kai	Graduate School of Shanghai University of Finance and Economics	Vice dean	December 2023
School of Accounting of Shanghai University of Finance and Economics		Vice dean	February 2016	September 2023
Shanghai Xinze Venture Capital Management Co., Ltd.		Director	August 2015	January 2024
Bright Real Estate Group Co., Ltd.		Independent director	October 2017	December 2023

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Name of employee	Name of other entities	Position at other entities	Commencement date of the term of office	Expiry date of the term of office
Du Weihua	Shanghai Orient Securities Capital Investment Co., Ltd.	Supervisor	June 2020	Up to now
	Shanghai Orient Securities Innovation Investment Co., Ltd.	Supervisor	June 2020	Up to now
	Orient Securities Futures Co., Ltd.	Supervisor	September 2020	Up to now
	Shanghai DFZQ Xindeyizhang Public Welfare Foundation	Director-general	April 2020	Up to now
Wu Junhao	China Pacific Insurance (Group) Co., Ltd.	Director	July 2012	February 2024
	China Pacific Life Insurance Co., Ltd.	Director	July 2012	February 2024
	China Pacific Property Insurance Co., Ltd.	Director	July 2012	February 2024
	Shanghai ICY New Energy Venture Capital Investment Co., Ltd.	Director	October 2010	Up to now
	China Everbright Bank Company Limited	Supervisor	November 2009	Up to now
	Shanghai ICY Capital Co., Ltd.	Chairman of the supervisory committee	August 2020	Up to now
	Shanghai Shenergy ICY Equity Investment Co., Ltd.	Chairman of the supervisory committee	December 2016	Up to now
Xu Yongmiao	Beijing Yingge Barcode Technology Development Co., Ltd.* (北京英格條碼技術發展有限公司)	Director	February 2021	Up to now

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Name of employee	Name of other entities	Position at other entities	Commencement date of the term of office	Expiry date of the term of office
Shen Guangjun	Shanghai Construction Group (Hainan) Investment Co., Ltd.	Executive deputy general manager	July 2021	Up to now
	Shanghai Construction Environmental Technology Co., Ltd.	Supervisor	October 2021	Up to now
	Shanghai Construction No. 2 (Group) Co., Ltd.	Director	November 2022	Up to now
	Shanghai Gardens (Group) Co., Ltd.	Director	November 2022	Up to now
	Shanghai Foreign Trade Group Holdings Co., Ltd.	Director	March 2023	Up to now
	China Shanghai Foreign Trade (Group) Co., Ltd.	Director	March 2023	Up to now
	SCG Yiyun Technology Co., Ltd.	Chairman	March 2023	Up to now
	Shanghai Pudong BOC Fullerton Community Bank Co., Ltd.	Director	June 2021	Up to now
Ling Yun	Shanghai Zongshun Construction Development Co., Ltd. (上海綜舜建設開發有限公司)	Chief financial officer	October 2022	Up to now
	Shanghai Zongao Construction Development Co., Ltd. (上海綜奧建設開發有限公司)	Chief financial officer	October 2022	Up to now
	Shanghai Zongnuo Construction Development Co., Ltd. (上海綜諾建設開發有限公司)	Chief financial officer	October 2022	Up to now

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Name of employee	Name of other entities	Position at other entities	Commencement date of the term of office	Expiry date of the term of office
Xia Lijun	Antai College of Economics and Management of Shanghai Jiao Tong University	Professor and doctoral supervisor	March 2011	Up to now
	Huatai Baoxing Fund Management Co., Ltd.	Independent director	July 2016	Up to now
	Shengtai Intelligent Manufacturing Group Co., Ltd.* (盛泰智造集團股份有限公司)	Independent director	October 2018	Up to now
	Shenzhen Huitai Medical Equipment Co., Ltd.	Independent director	November 2019	Up to now
	Shanghai Tongji Science & Technology Industrial Co., Ltd.	Independent director	April 2020	Up to now
	Jiangsu Recbio Technology Co., Ltd.	Independent director	June 2021	Up to now
	Shanghai Zhenhua Heavy Industries Co., Ltd.	Independent director	June 2023	Up to now
	Shanghai Bacai Information Technology Co., Ltd.	Executive director	April 2018	Up to now
Ding Yan	Orient Securities Investment Banking Co., Ltd.	Supervisor	August 2020	Up to now
	Great Wall Fund Management Co., Ltd.	Supervisor	September 2022	Up to now
	Shanghai Orient Securities Capital Investment Co., Ltd.	Director	November 2022	Up to now
Shu Hong	Shanghai Qizhong Garden Golf Club Co., Ltd. (上海旗忠高爾夫俱樂部有限公司)	Director	January 2009	January 2024
	Orient Securities Investment Banking Co., Ltd.	Chief information officer	December 2019	Up to now
Zhang Jianhui	Shanghai Orient Securities Innovation Investment Co., Ltd.	Chairman	July 2016	Up to now
	Orient Finance Holdings (Hong Kong) Limited	Chairman	January 2021	Up to now
	Orient Securities International Financial Group Limited	Chairman	August 2018	Up to now
	Orient Securities International Financial Group Limited	General manager	July 2023	Up to now
	Shanghai Orient Securities Capital Investment Co., Ltd.	Director	August 2015	November 2022
	China Securities Credit Investment Co., Ltd.	Non-employee representative Director	May 2022	Up to now

## Section IV Corporate Governance

Name of employee	Name of other entities	Position at other entities	Commencement date of the term of office	Expiry date of the term of office	
Lu Dayin	Shanghai ICY New Energy Venture Capital Investment Co., Ltd. *	Supervisor	October 2010	Up to now	
	Orient Securities Futures Co., Ltd.	CPC Party committee secretary	November 2020	Up to now	
		Chairman of the board	December 2020	Up to now	
Jiang Helei	Orient Futures International (Singapore) Pte. Ltd.	Chairman of the board	January 2019	Up to now	
		Vice president	December 2019	February 2023	
	Shanghai Orient Securities Asset Management Co., Ltd.	Director	November 2022	Up to now	
	Orient Securities Futures Co., Ltd.	Director	November 2022	Up to now	
Chen Gang	Shanghai Orient Securities Innovation Investment Co., Ltd.	Director	November 2022	Up to now	
		Director	November 2022	Up to now	
Wu Zezhi	Orient Finance Holdings (Hong Kong) Limited	Director	November 2022	Up to now	
Wang Rufu	Orient Securities International Financial Group Limited	Director	November 2022	Up to now	
	China Universal Asset Management Company Limited	Supervisor	September 2015	Up to now	
	Shanghai ICY New Energy Venture Capital Investment Co., Ltd. *	Director	March 2015	Up to now	
Yang Bin (resigned)	Shanghai Orient Securities Innovation Investment Co., Ltd.	Director	October 2020	November 2022	
		Director	August 2018	November 2022	
	Orient Securities Investment Banking Co., Ltd.	Director	October 2015	Up to now	
	Great Wall Fund Management Co., Ltd.	Supervisor	February 2017	September 2022	
Employment at other entities	Nil	Shanghai Orient Securities Asset Management Co., Ltd.	Director	March 2018	Up to now
		CPC Party committee secretary	September 2022	Up to now	
		Chairman	October 2022	Up to now	



## Section IV Corporate Governance

### (iii) Remunerations of Directors, Supervisors and senior management

Decision-making procedures for remunerations of the Directors, Supervisors and senior management	The allowances of the Company's independent non-executive Directors are determined by the Board and proposed to the general meeting for consideration and approval. The remuneration of the Company's management at the legal representative (chairman), president and vice president level consists of annual fixed salary and performance bonus. The annual fixed salary is determined based on the position, and the performance bonus is linked with the Company's operating results, the annual performance appraisal and the term performance appraisal of the senior management members. The remuneration of senior management members shall be implemented upon approval by the Remuneration and Nomination Committee of the Board. The remuneration performance management of other senior management personnel shall be implemented in accordance with the relevant rules of the Company. Remuneration of independent Supervisors shall be determined by the Supervisory Committee and approved at the general meeting.
Whether the Directors have abstained themselves from the Board's discussion of their remuneration	Yes
Details of proposals for the remuneration of Directors, Supervisors and senior management made by the Remuneration and Appraisal Committee or special meeting of Independent Directors	In accordance with the requirements of the "Assessment and Remuneration Management System for Directors and Supervisors of the Company" and the "Assessment, Incentive and Restraint Mechanism Plan for Senior Management of DFZQ", the fifth session of Remuneration and Nomination Committee of the Board of the Company organised and implemented the performance appraisal of Directors and senior management of the Company on March 26, 2024, and the relevant appraisal and remuneration were submitted to the Board for consideration and submitted to the general meeting for decision. The remuneration and performance management of other senior management shall be implemented in accordance with the relevant regulations of the Company. Please refer to "Section IV Corporate Governance – IV. (i) Changes in shareholding and remunerations of current and resigned Directors, Supervisors and senior management during the Reporting Period" for the remuneration of Directors, Supervisors and senior management of the Company.

## Section IV Corporate Governance

Basis for determining the remunerations of the Directors, Supervisors and senior management	Remunerations of the Company's independent non-executive Directors and remuneration of independent Supervisors are determined with reference to that of the listed peers in the same industry; remunerations of the Company's executive Directors, employee representative Directors, employee representative Supervisors and senior management who receive remuneration from the Company are based on the remuneration and assessment system of the Company. In particular, the remuneration structure and standard of the chairman, president, vice president and management members holding positions of vice president are determined in accordance with the Assessment, Incentive and Restraint Mechanism Plan for Senior Management.
Actual payments of remunerations of the Directors, Supervisors and senior management	Please refer to "Changes in shareholding and remunerations of current and resigned Directors, Supervisors and senior management during the Reporting Period" for details. During the Reporting Period, the following individuals also received deferred incentive payments for 2021: RMB293,300 for Mr. Jin Wenzhong, Mr. Lu Weiming, Mr. Du Weihua, Mr. Shu Hong, Mr. Zhang Jianhui and Ms. Xu Haining, RMB439,000, RMB376,000, RMB412,000 and RMB396,000 for Ms. Zhu Jing, Ms. Ruan Fei, Ms. Ding Yan and Mr. Wang Rufu, respectively.
Remunerations received in aggregate by all the Directors, Supervisors and senior management at the end of the Reporting Period	RMB27.4646 million

## Section IV Corporate Governance

### (iv) Changes of Directors, Supervisors and senior management

Name	Position	Particulars of changes	Reasons for change
Gong Dexiong	Executive Director	Election	In October 2023, the 2023 second extraordinary general meeting of the Company was convened, at which Mr. Gong Dexiong was elected as an executive Director of the fifth session of the Board of the Company.
Li Yun	Non-executive Director	Election	In August 2023, the 2023 first extraordinary general meeting of the Company was convened, at which Ms. Li Yun was elected as a non-executive Director of the fifth session of the Board of the Company.
Zhu Kai	Independent non-executive Director	Election	In October 2023, the 2023 second extraordinary general meeting of the Company was convened, at which Mr. Zhu Kai was elected as an independent non-executive Director of the fifth session of the Board of the Company.
Xu Yongmiao	Shareholder representative Supervisor	Election	In October 2023, the 2023 second extraordinary general meeting of the Company was convened, at which Mr. Xu Yongmiao and Mr. Ling Yun were elected as shareholder representative Supervisors of the fifth session of the Supervisory Committee of the Company.
Ling Yun	Shareholder representative Supervisor	Election	

## Section IV Corporate Governance

Name	Position	Particulars of changes	Reasons for change
Chen Gang	Chief research officer	Appointment	In July 2023, the 26th meeting of the fifth session of the Board of the Company was convened, at which the appointment of Mr. Chen Gang as the chief research officer of the Company and the appointment of Mr. Wu Zezhi as the chief investment officer of the Company were considered and approved.
Wu Zezhi	Chief investment officer	Appointment	
Song Xuefeng	Executive Director	Resignation	Mr. Song Xuefeng resigned as an executive Director of the Company due to work arrangements.
Cheng Feng	Non-executive Director	Resignation	The Company held the 2023 first extraordinary general meeting in August 2023, at which the resignation of Mr. Cheng Feng as a non-executive Director of the fifth session of the Board of the Company was considered and approved.
Jin Qinglu	Independent non-executive Director	Resignation	Mr. Jin Qinglu resigned as an independent non-executive Director of the Company due to the expiration of his six-year term of office.
Zhang Jian	Shareholder representative Supervisor	Resignation	Mr. Zhang Jian resigned as a shareholder representative Supervisor of the Company due to work adjustment.
Tong Jie	Shareholder representative Supervisor	Resignation	Ms. Tong Jie resigned as a shareholder representative Supervisor of the Company due to her retirement at an appropriate age.

### (v) Penalties imposed by securities regulatory authorities in the past three years

No existing and retiring Directors, Supervisors and senior management of the Company during the Reporting Period were subject to any penalties imposed by relevant securities regulatory authorities due to matters of the Company in the past three years.

## Section IV Corporate Governance

### V. BOARD MEETINGS CONVENED DURING THE REPORTING PERIOD

Meeting	Date	Resolutions
22nd meeting of the fifth session of the Board	February 21, 2023	2 resolutions, being the “Company’s 2022 Annual Operational Work Report” and the “Proposal on the Company’s Allocation of Assets and Liabilities, Business Scale and Risk Control Plan in 2023” were considered and approved.
23rd meeting of the fifth session of the Board	March 30, 2023	26 resolutions, being the “2022 Report of the Board of the Company”, the “2022 Final Accounts Report of the Company”, the “2022 Profit Distribution Proposal of the Company”, the “Report on Execution of Risk Control Indicators by the Company in 2022”, the “Proposal Regarding the Proprietary Business Scale of the Company in 2023”, the “Proposal Regarding the General Mandate to Issue Onshore Debt Financing Instruments of the Company”, the “Special Report of the Company on the Deposit and Actual Use of Proceeds for the Year of 2022”, the “Company’s 2022 Annual Compliance Report”, the “Company’s 2022 Annual Risk Management Work Report”, the “Company’s 2022 Annual Internal Control Assessment Report”, the “2022 Compliance Management Effectiveness Assessment Report of the Company”, the “2022 Anti-Money Laundering Report of the Company”, the “Special Audit Report on the Company’s Anti-Money Laundering Work in 2022”, the “2022 Annual Report of the Company”, the “Company’s 2022 Special Report on Information Technology Management”, the “Proposal on the Company’s 2022 Annual Social Responsibility/ESG Report”, the “Proposal Regarding the Audit of the Related Transactions of the Company in 2022”, the “Proposal Regarding the Projected Routine Related Party Transactions of the Company in 2023”, the “Proposal Regarding the Expected Provision of Guarantees by the Company in 2023”, the “Proposal Regarding the Engagement of Auditing Firms for the Year 2023”, the “Resolution in Relation to the Amendments to Remuneration Management System of the Company”, the “Resolution in Relation to the Amendments to Management Measures of Information Disclosure of the Company”, the “Resolution in Relation to the Amendments to Management Measures of Investors Relationship of the Company, the “Shareholders’ Return Plan for the Next Three Years (2023-2025) of the Company”, the “Report of Independent Directors in 2022” and the “Proposal on Convening the 2022 Annual General Meeting of the Company”, were considered and approved. The “Work Report of the Audit Committee of the Board of the Company in 2022” was presented at the meeting.

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Meeting	Date	Resolutions
24th meeting of the fifth session of the Board	April 27, 2023	2 resolutions, being the “First Quarterly Report of the Company for the Year 2023” and the “Proposal on the Adjustment of Members of the Special Committees of the Board of the Company”, were considered and approved.
25th meeting of the fifth session of the Board	June 13, 2023	The “2022 Comprehensive Risk Management Assessment Report of the Company” was considered and approved.
26th meeting of the fifth session of the Board	July 10, 2023	3 resolutions, being the “Proposal on the Setting of the Organizational Structure of Investment Banking Business of the Company”, the “Proposal on the Appointment of the Senior management of the Company” and the “Proposal on Authorizing the Audit Committee by the Board to Formulate the Policies, Processes and Related Internal Control Systems for the Selection of Accounting Firms”, were considered and approved.
27th meeting of the fifth session of the Board	July 31, 2023	2 resolutions, being the “Proposal on the Election of non-executive Directors of the Company” and the “Proposal on the 2023 First Extraordinary General Meeting of the Company”, were considered and approved.
28th meeting of the fifth session of the Board	August 14, 2023	the “Proposal on Approving the Total Performance Bonus of Senior Management Members of the Company in 2022” was considered and approved.

## Section IV Corporate Governance

Meeting	Date	Resolutions
29th meeting of the fifth session of the Board	August 30, 2023	10 resolutions, being the “2023 Interim Report of the Company”, the “Report on Execution of Risk Control Indicators of Net Capital by the Company for the First Half of 2023”, the “Company’s 2023 Interim Compliance Report”, the “Company’s 2023 Interim Risk Management Work Report”, the “Special Report on the Deposit and Actual Use of Proceeds of the Company for the First Half of 2023”, “the Proposal on the Capital Increase in Chengtay Leasing by Orient Securities Innovation and Connected Transactions”, the “Proposal on the Election of independent non-executive Directors of the Company”, the “Proposal on the Election of Members of the Special Committees of the Board of the Company”, the “Proposal on the Formulation of the Appraisal and Remuneration Management System of Directors and Supervisors of the Company” and the “Proposal on 2023 Second Extraordinary General Meeting of the Company”, were considered and approved. The “2023 Interim Operational Work Report of the Company” was presented at the meeting.
30th meeting of the fifth session of the Board	October 9, 2023	4 resolutions, being the “Resolution in relation to the Election of Executive Director of the Company”, the “Resolution on the Change of Authorised Representative of the Hong Kong Stock Exchange”, the “Resolution on the Election of Members of the Remuneration and Nomination Committee of the Board of the Company” and the “Resolution on Adding Issues for Discussions at the 2023 Second Extraordinary General Meeting of the Company”, were considered and approved.
31st meeting of the fifth session of the Board	October 30, 2023	3 resolutions, being the “Third Quarterly Report of the Company for the Year 2023”, the “Proposal on Adjusting the Members of the Strategy and Development Committee of the Board of the Company” and the “Proposal on the Plan of Repurchase of A Shares of the Company through Centralised Price Bidding”, were considered and approved.

During the Reporting Period, the Board held a total of 10 meetings and all Directors voted in favour of the proposals considered by the Board, with no abstentions or objections.



## Section IV Corporate Governance

### VI. PERFORMANCE OF DUTIES BY DIRECTORS

The Board exercises its powers and duties as specified in the Articles of Association. Under the principle of acting in the best interest of the Company and its shareholders, the Board reports its works at the general meetings, implements the resolutions passed thereon and is accountable to the general meetings.

As of the end of the Reporting Period, the fifth session of the Board had 13 existing Directors. The biographical details of the Directors as at the date of this report are set out in “IV, Directors, Supervisors and Senior Management” in this section. None of the Directors or the senior management has any relations with each other (including financial, business, kinship or other material or connected relations). The Board is scientifically structured, and each Director has adequate knowledge, experience and expertise relating to the business operation and development of the Group. All Directors are fully aware of their responsibilities to the shareholders jointly and severally.

Since the listing of the Company, the Board has always complied with the requirement of the Hong Kong Listing Rules on appointment of at least three independent non-executive directors, who shall jointly account for at least one third in number of members of the Board. The independent non-executive Directors of the Company are fully qualified as specified in Rules 3.10(1) and (2), and Rule 3.10(A) of the Hong Kong Listing Rules. Besides, the Company has received annual confirmations and independence self-inspection list issued by each independent non-executive Director in respect of their independence according to Rule 3.13 of the Hong Kong Listing Rules and the Measures for the Administration of Independent Director of Listed Companies of CSRC. Therefore, the Company believes that each independent non-executive Director is independent as specified in the Hong Kong Listing Rules.



## Section IV Corporate Governance

### (i) Attendances of Directors at Board meetings and general meetings

Name of Director	Independent Director or not	Number of Board meetings requiring attendance during the year	Attendance at the Board meetings				Attendance at general meetings	
			Attendance in person	Attendance via correspondence	Attendance by proxy	Absence	Absent from two consecutive meetings (in person)	Number of attendance at general meetings
Jin Wenzhong	No	10	10	8	0	0	No	3
Gong Dexiong	No	1	1	1	0	0	No	1
Lu Weiming	No	10	10	8	0	0	No	3
Yu Xuechun	No	10	10	8	0	0	No	1
Zhou Donghui	No	10	10	8	0	0	No	3
Li Yun	No	3	2	2	1	0	No	2
Ren Zhixiang	No	10	10	8	0	0	No	3
Zhu Jing	No	10	10	8	0	0	No	3
Wu Hong	Yes	10	10	8	0	0	No	2
Feng Xingdong	Yes	10	10	8	0	0	No	3
Luo Xinyu	Yes	10	10	8	0	0	No	3
Chan Hon	Yes	10	10	8	0	0	No	3
Zhu Kai	Yes	1	1	1	0	0	No	1
Song Xuefeng	No	8	7	6	1	0	No	2
Cheng Feng	No	7	5	4	0	2	Yes	1
Jin Qinglu	Yes	9	9	7	0	0	No	2

## Section IV Corporate Governance

Explanation on absence from two consecutive Board meetings in person

The Company noticed on July 13, 2023 through the website of the Shanghai Municipal Supervision Committee of the Shanghai Municipal Disciplinary Inspection Commission of the Communist Party of China (中共上海市紀律檢查委員會上海市監察委員會) that Mr. Cheng Feng, a non-executive Director of the Company, is alleged to have seriously violated disciplines and laws, and is subject to disciplinary inspection and supervisory investigation by the Shanghai Municipal Supervision Committee of the Disciplinary Inspection Commission (上海市紀委監委). Subsequently, he failed to attend 27th and 28th meetings of the fifth session of the Board of the Company. On August 18, 2023, the Company held the 2023 first extraordinary general meeting, at which the Company considered and approved that Mr. Cheng Feng would cease to serve as a non-executive Director of the Company and Ms. Li Yun would be elected as a non-executive Director of the fifth session of the Board of the Company.

Number of Board meetings convened during the year	10
Of which: Number of meetings held on-site	2
Number of meetings via correspondence	8
Number of meetings held both on-site and via correspondence	0

**(ii) No Directors have raised objections to relevant matters of the Company during the Reporting Period**

## Section IV Corporate Governance

### (iii) Others

#### *Board and management*

The powers and duties of the Board and the management have been clearly specified in the Articles of Association, which aims to provide an adequate check and balance mechanism for good corporate governance and internal control.

The Board has established mechanisms to ensure that the Board obtains independent views and opinions. The Company has formulated a Board diversity policy to ensure a balanced Board composition of executive and non-executive Directors (including independent non-executive Directors), while taking into account Board diversity in various aspects, including but not limited to gender, age, cultural and educational background and professional experience of the Directors. The Articles of Association also provide that the Board shall consist of 13 Directors and at least one-third of the Directors shall be independent non-executive Directors. The Company will also appoint independent non-executive Directors to the Board and its committees as required by the Listing Rules and where practicable to ensure that independent views and opinions are obtained. The Company has established internal policies (including but not limited to the Articles of Association, the Rules of Procedure for the Board of Directors of the Company, the Independent Director System of the Company) to ensure that the Board has access to independent views and opinions. These policies cover the Company's selection procedures and criteria of Directors (including independent non-executive Directors), the recusal mechanism for Directors who have related relationships to vote on relevant resolutions, the independent Director's special rights to engage external intermediary institutions, etc. During the Reporting Period, the Board has reviewed the implementation of the aforesaid mechanisms and considers that the aforesaid mechanisms are able to ensure that the Board is provided with independent views and opinions. The Remuneration and Nomination Committee strictly adheres to the assessment standards for the nomination and appointment of Directors as set out in the Listing Rules and selects candidates for Directors based on objective criteria, including certain diverse factors, to ensure that they are able to make independent judgments on an ongoing basis. Directors (including independent non-executive Directors) who have a material interest in a contract or arrangement shall not vote or be counted in the quorum on a resolution of the Directors to approve such contract or arrangement.

The Board is responsible for deciding on the Company's business plans and investment plans and establishment of the Company's internal management structure, formulating the Company's basic administration system, resolving other material businesses and administrative matters of the Company and supervising the management.

Under the leadership of the president (also the executive Director), the management of the Company is responsible for implementing various resolutions made by the Board and administering the Company's daily operation and management.

## Section IV Corporate Governance

### 1. *Chairman and president*

According to code provision C.2.1 of the Corporate Governance Code, positions of the chairman and president (i.e. chief executive officer under Hong Kong Listing Rules) of the Company are served by different individuals to secure independence of their duties, accountabilities and balanced distribution of rights and authorizations. Mr. Jin Wenzhong serves as the chairman of the Board and Mr. Lu Weiming serves as the president of the Company. Chairman is responsible for leading the Board to determine the overall development strategy of the Company and ensuring the Board operates effectively, performing its statutory duties and responsively discussing all important and appropriate issues in a timely manner; and ensuring that the Company formulates sound corporate governance practices and procedures and the Board acts in the best interest of the Company and all its shareholders. President is mainly responsible for daily operation and management of the Company, including organizing and implementing the resolutions of the Board and daily decision-making.

### 2. *Directors' appointment and re-election*

According to the Articles of Association, Directors shall be elected or replaced by the general meetings. A Director shall serve a term of office no longer than three years and is eligible for re-election. The Company has implemented a set of effective procedures for appointment of new Directors, for details, please refer to "VII. Special Committees of the Board" in this section. A list of candidates for Directors may be proposed by the Board as per the number of the Directors to be elected as specified in the Articles of Association. Candidates for Directors may also be nominated by shareholders severally or jointly holding more than 3% of the Company's shares and shall be elected at the general meetings. The term of office of the fifth session of the Board of the Company was originally scheduled to expire on March 4, 2024. Given that the re-election is still in preparation, in order to ensure the continuity of the work of the Board of the Company, the re-election of the fifth session of the Board of the Company was postponed.

### 3. *Terms of office of non-executive Directors*

Non-executive Directors of the Company are all elected by the general meetings or employee representative meetings, with terms of office of three years, which are renewable upon re-election and reappointment.

### 4. *Directors' remunerations*

Please refer to "IV, (i) Changes in shareholding and remunerations of current and resigned Directors, Supervisors and senior management during the Reporting Period" in this section for details.

## Section IV Corporate Governance

### 5. Directors' trainings

The Company highly emphasizes on the continuous trainings for Directors to ensure that they have adequate knowledge of the Company's operations and businesses and their duties imposed by the CSRC, the SSE, the Hong Kong Stock Exchange, the Articles of Association and other relevant laws and regulations and regulatory requirements.

During the Reporting Period, Directors participated in the regular trainings organized by local regulatory authorities to complete continued trainings as required. The Board of Directors office of the Company also regularly compiles and delivers Board Brief, Comprehensive Report on Compliance and Risk Management to keep Directors timely informed of the latest policies, regulations and classic cases, builds multi-level information communication mechanisms and sets up an information exchange platform to strengthen information sharing and exchange among Directors, Supervisors and the management and improve Directors' duty performance capability. Apart from that, trainings for Directors are specified as follows:

Name of Directors	Date	Duration	Organizer	Content	Place of training
All Directors	September 8, 2023	/	The Company	Cases and Regulations on / illegal Trading of Shares by Directors, Supervisors, Senior Management and Their Relatives of Listed Securities Companies	
Yu Xuechun	October 10-31, 2023	Twenty-one days	Shanghai Bureau of the CSRC, Shanghai Association of Listed Companies	2023 Training for Directors, Supervisors and Senior Management of Listed Companies in Shanghai and Special Training on Independent Director System Reform (First Session)	Online
Zhou Donghui	October 10-31, 2023	Twenty-one days	Shanghai Bureau of the CSRC, Shanghai Association of Listed Companies	2023 Training for Directors, Supervisors and Senior Management of Listed Companies in Shanghai and Special Training on Independent Director System Reform (First Session)	Online

## Section IV Corporate Governance

Name of Directors	Date	Duration	Organizer	Content	Place of training
Li Yun	October 10-31, 2023	Twenty-one days	Shanghai Bureau of the CSRC, Shanghai Association of Listed Companies	2023 Training for Directors, Supervisors and Senior Management of Listed Companies in Shanghai and Special Training on Independent Director System Reform (First Session)	Online
Ren Zhixiang	October 10-31, 2023	Twenty-one days	Shanghai Bureau of the CSRC, Shanghai Association of Listed Companies	2023 Training for Directors, Supervisors and Senior Management of Listed Companies in Shanghai and Special Training on Independent Director System Reform (First Session)	Online
Zhu Jing	October 10-31, 2023	Twenty-one days	Shanghai Bureau of the CSRC, Shanghai Association of Listed Companies	2023 Training for Directors, Supervisors and Senior Management of Listed Companies in Shanghai and Special Training on Independent Director System Reform (First Session)	Online
Gong Dexiong	November 15-30, 2023	Fifteen days	Shanghai Bureau of the CSRC, Shanghai Association of Listed Companies	2023 Training for Directors, Supervisors and Senior Management of Listed Companies in Shanghai and Special Training on Independent Director System Reform (Second Session)	Online

## Section IV Corporate Governance

Name of Directors	Date	Duration	Organizer	Content	Place of training
Jin Wenzhong	November 20, 2023–December 18, 2023	Twenty-eight days	China Association of Listed Companies	Interpretation of the reform of the independent director system of listed companies, standardized governance and best practices of listed companies	Online
Lu Weiming	November 20, 2023–December 18, 2023	Twenty-eight days	China Association of Listed Companies	Interpretation of the reform of the independent director system of listed companies, standardized governance and best practices of listed companies	Online
Wu Hong	December 14-27, 2023	Thirteen days	Shanghai Stock Exchange	The 6th follow-up training for independent directors of listed companies in 2023	Online
Feng Xingdong	December 14-27, 2023	Thirteen days	Shanghai Stock Exchange	The 6th follow-up training for independent directors of listed companies in 2023	Online
Wu Hong	December 19, 2023	One day	The Company, Grandall Law Firm	Interpretation of New Regulations and Key Points of Compliant Performance of Independent Directors	The Company

## Section IV Corporate Governance

Name of Directors	Date	Duration	Organizer	Content	Place of training
Feng Xingdong	December 19, 2023	One day	The Company, Grandall Law Firm	Interpretation of New Regulations and Key Points of Compliant Performance of Independent Directors	The Company
Luo Xinyu	December 19, 2023	One day	The Company, Grandall Law Firm	Interpretation of New Regulations and Key Points of Compliance Performance of Independent Directors	The Company
Chan Hon	December 19, 2023	One day	The Company, Grandall Law Firm	Interpretation of New Regulations and Key Points of Compliance Performance of Independent Directors	The Company

## VII. SPECIAL COMMITTEES OF THE BOARD

### (i) Members of the special committees of the Board

Special committee	Name of member
Strategic Development Committee	Jin Wenzhong (chairman), Gong Dexiong, Li Yun, Chan Hon, Zhu Jing
Compliance and Risk Management Committee	Jin Wenzhong (chairman), Lu Weiming, Ren Zhixiang, Wu Hong
Remuneration and Nomination Committee	Wu Hong (chairman), Yu Xuechun, Zhou Donghui, Feng Xingdong, Zhu Kai
Audit Committee	Zhu Kai(chairman), Yu Xuechun, Zhou Donghui, Feng Xingdong, Luo Xinyu



## Section IV Corporate Governance

### (ii) During the Reporting Period, the Strategic Development Committee convened two meetings

Date	Content	Key opinion and recommendation	Performance of other duties
March 29, 2023	At the 2023 first meeting (on-site meeting) of the Strategic Development Committee of the fifth session of the Board, the “Report on the Analysis of the Implementation of the Company’s Strategy (Annual Report for 2022 and Interim Plan for 2021-2024)” was presented at the meeting.	The meeting required the Company to deepen and refine the implementation of strategic planning, focus on strengthening the construction of the correction mechanism, and strive to improve the business risk control of each segment and the timely adjustment and implementation of business direction.	–
October 30, 2023	At the 2023 second meeting (via correspondence) of the Strategic Development Committee of the fifth session of the Board, the “Resolution on the Plan for Repurchase of A Shares of the Company through Centralised Price Bidding” was considered and approved.	–	–

## Section IV Corporate Governance

The main duties of the Strategic Development Committee include: studying and advising on long-term strategic development plans of the Company; studying and advising on material investment financing proposals that are subject to the Board's approval; studying and advising on material capital operations and asset management projects that are subject to the Board's approval; studying and advising on any other significant events that affect the development of the Company; monitoring the implementation of the matters above; and other duties as authorized by the Board as well as other duties as required by the listing rules or regulatory rules in the place where the shares of the Company are listed.

Attendance of the members of the Strategic Development Committee during the Reporting Period:

<b>Name</b>	<b>Number of actual attendances/number of attendances as required</b>
Jin Wenzhong (chairman)	2/2
Song Xuefeng	1/1
Gong Dexiong	1/1
Cheng Feng	0/1
Li Yun	1/1
Chan Hon	1/1
Zhu Jing	2/2

## Section IV Corporate Governance

### (iii) During the Reporting Period, the Compliance and Risk Management Committee convened five meetings

Date	Content	Key opinion and recommendation	Performance of other duties
February 21, 2023	At the 2023 first meeting (via correspondence) of the Compliance and Risk Management Committee of the fifth session of the Board, the “Proposal on the Company’s Allocation of Assets and Liabilities, Business Scale and Risk Control Plan in 2023” was considered and approved.	–	–
March 29, 2023	At the 2023 second meeting (on-site meeting) of the Compliance and Risk Management Committee of the fifth session of the Board, the “Report on Execution of Risk Control Indicators by the Company in 2022”, the “Proposal Regarding the Proprietary Business Scale of the Company in 2023”, the “Company’s 2022 Annual Compliance Report”, the “Company’s 2022 Annual Risk Management Work Report”, the “2022 Anti-Money Laundering Report of the Company”, the “2022 Compliance Management Effectiveness Assessment Report of the Company” and the 2022 annual performance appraisal on the Chief Compliance Officer was conducted.	The meeting required the Company to focus on the implementation of two measures, namely the non-periodic reporting system for major risks and the non-periodic reporting system for major business deviations in the business segments of subsidiaries.	–

## Section IV Corporate Governance

Date	Content	Key opinion and recommendation	Performance of other duties
June 13, 2023	At the 2023 third meeting (via correspondence) of the Compliance and Risk Management Committee of the fifth session of the Board, the “2022 Comprehensive Risk Management Assessment Work Report of the Company” was considered and approved.	-	-
August 29, 2023	At the 2023 fourth meeting (on-site meeting) of the Compliance and Risk Management Committee of the fifth session of the Board, the “Report on Execution of Risk Control Indicators of Net Capital by the Company for the First Half of 2023”, the “Company’s 2023 Interim Compliance Report” and the “Company’s 2023 Interim Risk Management Work Report” were considered and approved.	The meeting required the Company to further improve the collectivized vertical management of compliance risk control, strengthen the construction of collectivized risk early warning system and the optimisation of the Group’s risk management mechanism.	-
December 19, 2023	At the 2023 fifth meeting (via correspondence) of the Compliance and Risk Management Committee of the fifth session of the Board, the “2023 Compliance Management Effectiveness Assessment Work Plan of the Company” was considered and approved.	-	-

## Section IV Corporate Governance

The main duties of the Compliance and Risk Management Committee include: reviewing and advising on the overall targets and basic policies of compliance management and risk management; reviewing and advising on establishment of the system and institutions for compliance management and risk management as well as its duties; overseeing and evaluating the compliance management and risk management work of the Company, and reviewing and monitoring the Company's policies and practices in compliance with laws and regulatory requirements; evaluating and advising on the risks and risk management solutions relating to the significant matters that are subject to approval by the Board; reviewing risk tolerance and scale of the Company as a whole and for each business, and evaluating the assets allocation mechanism matching with risk tolerance; reviewing and evaluating the risks associated with the Company's operating activities and the effectiveness of the corresponding measures, and discussing the risk management system with the management to ensure that the management has fulfilled its responsibilities in establishing an effective risk management system; considering major investigation findings on risk management matters and management's response to the findings on its own initiative or as delegated by the Board; reviewing and advising on the compliance report and risk assessment report that are subject to consideration by the Board; formulating and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; reviewing and monitoring the training and continuous professional development of Directors and senior management; formulating, reviewing and monitoring the Company's code of conduct and compliance manual (if any) applicable to employees and Directors; reviewing the Company's compliance with the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules and its disclosures in the Corporate Governance Report; and other matters as stipulated in the Articles of Association or as authorized by the Board.

Attendance of the members of the Compliance and Risk Management Committee during the Reporting Period:

<b>Name</b>	<b>Number of actual attendances/number of attendances as required</b>
Jin Wenzhong (chairman)	5/5
Yu Xuechun	2/2
Lu Weiming	3/3
Cheng Feng	2/3
Ren Zhixiang	5/5
Wu Hong	4/5

## Section IV Corporate Governance

### (iv) During the Reporting Period, the Remuneration and Nomination Committee convened six meetings

Date	Content	Key opinion and recommendation	Performance of other duties
March 29, 2023	At the 2023 first meeting (on-site meeting) of the Remuneration and Nomination Committee of the fifth session of the Board, the “Resolution on the Annual Performance Evaluation of the President and the Members of the Vice President-level Leadership Team of the Company for 2022”, “Proposal on 2023 Operating Results Appraisal Target for the Company and Senior Management Members” and the “Resolution on Amending the Remuneration Management System of the Company” were considered and approved.	–	–
July 10, 2023	At the 2023 second meeting (via correspondence) of the Remuneration and Nomination Committee of the fifth session of the Board, the “Resolution on the Appointment of Senior Management by the Company” was considered and approved.	–	–
July 31, 2023	At the 2023 third meeting (via correspondence) of the Remuneration and Nomination Committee of the fifth session of the Board, the “Resolution in relation to the Election of Non-executive Director of the Company” was considered and approved.	–	–

## Section IV Corporate Governance

Date	Content	Key opinion and recommendation	Performance of other duties
August 14, 2023	At the 2023 fourth meeting (via correspondence) of the Remuneration and Nomination Committee of the fifth session of the Board, the “Proposal on Approving the Total Performance Bonus of the Members of the Company’s Leading Team in 2022” and the “Proposal on Distribution Plan of Performance Bonus of Senior Management Members of the Company in 2022” were considered and approved.	–	–
August 29, 2023	At the 2023 fifth meeting (via correspondence) of the Remuneration and Nomination Committee of the fifth session of the Board, the “Resolution in relation to the Election of Independent Non-executive Director of the Company” and the “Resolution in relation to the formulation of Rules of Appraisal and Remuneration Management of Directors and Supervisors of the Company” were considered and approved.	–	–
October 9, 2023	At the 2023 sixth meeting (via correspondence) of the Remuneration and Nomination Committee of the fifth session of the Board, the “Resolution in relation to the Election of Executive Director of the Company” was considered and approved.	–	–

## Section IV Corporate Governance

The main duties of the Remuneration and Nomination Committee include: evaluating the structure, size and composition (including skills, knowledge and experience) of the Board at least once a year and making recommendations regarding any proposed changes to the Board to complement the corporate strategy.

### *Board Diversity Policy*

The Remuneration and Nomination Committee is responsible for making and reviewing the Board diversity policy, and the expected goals will be discussed and determined annually to implement the diversity of the Board and recommend the goals to the Board for adoption. The Company has formulated the “Board Diversity Policy of DFZQ” in 2019, which has been published on the Company’s official website. When the Remuneration and Nomination Committee is considering the composition of the Board, it will ensure the balance between executive Directors and non-executive Directors (including independent non-executive Directors) and consider, from multiple aspects, the diversity of the members of the Board, including but not limited to their gender, age, cultural, educational background, and professional experience as well as the business characteristics and future development needs of the Company. As at the date of this report, the composition of the Board at the diversity level is summarised as follows: (1) Gender: Among the existing 13 Directors, 11 are male and 2 are female; (2) Education background: Among the existing 13 Directors, 3 have a doctoral degree, 6 have a master’s degree and 4 have a bachelor’s degree; and (3) Position: Among the existing 13 Directors, 3 are executive Directors, 4 are non-executive Directors, 5 are independent non-executive Directors and 1 is employee Director. The Board has achieved diversity. During the Reporting Period, the Remuneration and Nominating Committee has considered the Board diversity policy and believes that the current composition of the Board meets the above requirements for diversity. All appointments of members of the Board will continue to focus on the efficiency and performance of the Board while fully reflecting the benefits of Board diversity.

### *Nomination Policy for Directors*

According to the requirements in Article 140 of the Articles of Association, the Board or shareholders individually or jointly holding more than 3% of the shares of the Company are entitled to nominate candidates for non-independent Directors to the shareholders’ general meeting; the Board, the Supervisory Committee, or shareholders individually or jointly holding more than 1% of the issued shares of the Company are entitled to nominate candidates for independent Directors to the shareholders’ general meeting. Written notice of intention to nominate a candidate for the post of Director and the candidate’s agreement to be nominated must be given to the Company seven days prior to the convening of the shareholders’ general meeting (such seven-day period shall commence no earlier than the second day after the issue of the notice of the meeting at which the election shall be conducted and end no later than seven days prior to the shareholders’ general meeting). The term of the nomination and the acceptance of the nomination shall be no less than seven days.



## Section IV Corporate Governance

When the Remuneration and Nomination Committee considers the selection of Directors, president and other senior management, the Remuneration and Nomination Committee shall actively communicate with the relevant departments of the Company, to study the requirements of the Company and produce written reports; the Remuneration and Nomination Committee may search extensively for candidates within the Company, its holding (associate) enterprises and the human resources market; collect all information about the occupation, academic qualifications, titles, detailed working experience and all part time work experience of the shortlisted candidates, and produce written reports; obtain consent from the nominees regarding the nomination, otherwise they shall not be considered as candidates; convene a meeting to conduct a qualification review on the shortlisted candidate(s); submit to the Board its proposal(s) and relevant information on the candidates one to two months prior to the election of new Director(s) and the appointment of new president and senior management; carry out other follow-up work according to the decision and feedback of the Board.

The Remuneration and Nomination Committee reviews and advises on the selection criteria and procedures for Directors and senior management, including but not limited to the gender, age, cultural, educational background, and professional experience of the Directors; identifies qualified individuals as candidates for Directors and senior management, reviews their qualifications and making recommendations; makes recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors (in particular, the chairman and the president); assesses the independence of independent Directors; studies and reviews the performance appraisal and remuneration management system for the Directors and senior management based on the main scope, duties and importance of the senior management positions of the Company and the remuneration level of similar positions in other enterprises.



## Section IV Corporate Governance

### *Appraisal and remuneration management system*

The appraisal and remuneration management system includes but is not limited to performance appraisal criteria and procedures, the main appraisal system, and the principal plan and system regarding incentive and penalty. Making recommendations to the Board as to the overall performance appraisal and remuneration management system and structure for the Directors and senior management, and the establishment of proper and transparent formulation procedures of the remuneration policy; reviewing and approving the management's proposal on remuneration based on the corporate goals and objectives set by the Board; making recommendations to the Board on the remuneration of executive Directors and senior management. The above-mentioned remuneration includes non-monetary benefits, retirement allowance and compensation (including compensation for any loss or termination of office or appointment); making recommendations to the Board on the remuneration for each non-executive Director; considering the remuneration package, time commitment, scope of responsibility of similar companies and other employment terms of other positions within the Group; reviewing and approving the compensation due to executive Directors and senior management for any loss or termination of office or appointment, so as to ensure that such compensation is consistent with the contractual terms; if such compensation is not consistent with the contractual terms, ensuring that it is fair, reasonable and not excessive; reviewing and approving compensation arrangements relating to the dismissal or removal of Directors for misconduct or the like, so as to ensure that such arrangements are consistent with the contractual terms; if such compensation is not consistent with the contractual terms, ensuring that it is reasonable and appropriate; ensuring that no Director or his associate (as defined in the Hong Kong Listing Rules) is involved in the determination of his remuneration; evaluating and making recommendations on the performance of duties by the Directors, Supervisors (non-employee Supervisors), president and other senior management; reviewing the execution of the remuneration and appraisal system of the president and other member of the senior management; and other matters as authorized by the Board or as stipulated in the Articles of Association.

Attendance of the members of the Remuneration and Nomination Committee during the Reporting Period:

<b>Name</b>	<b>Number of actual attendances/number of attendances as required</b>
Wu Hong (chairman)	6/6
Yu Xuechun	5/5
Zhou Donghui	6/6
Jin Qinglu	6/6
Feng Xingdong	6/6
Zhu Kai	0/0

## Section IV Corporate Governance

### (5) During the Reporting Period, the Audit Committee convened six meetings

Date	Content	Key opinion and recommendation	Performance of other duties
March 30, 2023	<p>At the 2023 first meeting (on-site meeting) of the Audit Committee of the fifth session of the Board, the “Report on the Company’s 2022 Annual Audit and Audit Results”, the “Internal Control Evaluation Report in 2022”, the “Annual Report of the Company for the Year 2022”, the “Proposal Regarding the Audit of the Related Transactions of the Company in 2022”, the “Proposal Regarding the Projected Routine Related Party Transactions of the Company in 2023”, the “Proposal on Confirmation of the Company’s List of Related Parties for 2022” and the “Proposal Regarding the Engagement of Auditing Firms for the Year 2023” were considered and approved. The “2022 Report on Performance of Duties of the Audit Committee of the Board of the Company” and the “Company’s 2022 Annual Audit Report” were presented at the meeting.</p>	<p>The meeting exchanged views and analysed the general defects of internal control, the risks of derivatives transactions, the audit situation and analysis of Hong Kong companies, and the audit conclusions of key audit matters.</p>	–

## Section IV Corporate Governance

Date	Content	Key opinion and recommendation	Performance of other duties
April 27, 2023	At the 2023 second meeting (via correspondence) of the Audit Committee of the fifth session of the Board, the “First Quarterly Report of the Company for the Year 2023” was considered and approved.	–	–
July 10, 2023	At the 2023 third meeting (via correspondence) of the Audit Committee of the fifth session of the Board, the “Proposal on the Formulation of the Administrative Measures for the Company’s Selection and Engagement of Accounting Firms” was considered and approved.	–	–
August 29, 2023	At the 2023 fourth meeting (on-site meeting) of the Audit Committee of the fifth session of the Board, the “2023 Interim Report of the Company”, the “Proposal on Confirmation of the Company’s List of Related Parties in the First Half of 2023”, the “Special Report on the Deposit and Actual Use of Proceeds of the Company for the First Half of 2023”, the “Proposal on the Capital Increase in Chengtay Leasing by Orient Securities Innovation and Connected Transactions”, the “Proposal on Selection and Engagement of External Auditors of the Company in 2024” and the “Proposal on the Work Arrangement and Tender Documents for the Company’s Selection and Engagement of External Auditors in 2024” were considered and approved.	The meeting exchanged view and analysed the stability of the Company’s performance, the disposal of stock pledge business, the provision for asset impairment, the hedging risk of financial derivatives business, the key concerns of review, the pricing and management of data assets, and the IFRS sustainable disclosure standards.	–

## Section IV Corporate Governance

Date	Content	Key opinion and recommendation	Performance of other duties
October 30, 2023	At the 2023 fifth meeting (via correspondence) of the Audit Committee of the fifth session of the Board, the “Third Quarterly Report of the Company for the Year 2023” and the “Proposal on the Issuance of Evaluation Opinions on the Special Inspection Results of the Standardized Operation of the Company” were considered and approved.	–	–
December 19, 2023	At the 2023 sixth meeting (on-site meeting) of the Audit Committee of the fifth session of the Board, the “A + H Share Audit Plan of the Company for 2023” and the “2023 Internal Control Evaluation Work Plan of the Company” were considered and approved.	The meeting required the annual audit of the Company to be completed according to the schedule with good quality and quantity, and we discussed the six key concerns of audit.	–

## Section IV Corporate Governance

The main duties of the Audit Committee include: making recommendations to the Board on the appointment, re-appointment or change of external auditor, approving the remuneration and engagement terms of the external auditor, dealing with any matters in relation to the resignation or dismissal of the external auditor and supervising its accounting activities; reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; and the audit committee shall discuss with the external auditor the nature and scope of the audit and the relevant reporting obligations before the audit commences; formulating and implementing policies on engaging an external auditor to provide non-audit services. For this purpose, external auditor shall include any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee shall report to the Board, identifying and making recommendations on any matters where action or improvement is needed; and acting as the representative body between the Company and its external auditor to oversee their relationship; supervising annual auditing work and making judgment on the authenticity, accuracy and completeness of the information set out in the audited financial report and submitting the same to the Board for consideration; supervising the completeness of the Company's financial report, annual reports and accounts, interim reports and quarterly reports and reviewing the major opinions regarding the relevant financial submission as provided in the statements and reports; reviewing and evaluating the Company's financial monitoring and internal control system; supervising and evaluating the Company's internal auditing system and accounting policies and their implementation; discussing the internal control system with the management to ensure that the management has performed its duty to have an effective internal control system in place. This discussion shall include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function; considering the major investigation findings on internal control matters and the management's response to these findings on its own initiative or as delegated by the Board; being responsible for the communication between the internal and external auditor, so as to ensure co-ordination between the internal and external auditor; ensuring that the internal auditor is adequately resourced and has appropriate standing within the Company; and reviewing and monitoring its effectiveness; reviewing the Group's financial and accounting policies and their implementation; reviewing the Audit Results Letter presented by external auditor to the management, as well as any material queries raised by the external auditor to the management in respect of accounting records, financial accounts or monitoring system and the management's response; ensuring that the Board shall respond to the matters raised in the Audit Results Letter presented by external audit agency to the management in a timely manner; and reviewing the following arrangements made by the Company: employees of the Company can raise concerns in confidence about possible improprieties in financial reporting, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place for fair and independent investigation of the matters and for appropriate follow-up action; being responsible for the control and daily management of the related transactions of the Company; reporting to the Board on the above-mentioned matters; and other matters as stipulated in the Articles of Association or as delegated by the Board. In accordance with the requirements of the "Terms of Reference of the Audit Committee of the Company", the Audit Committee of the Company gives full play to its role in the preparation of annual reports and financial reports, and actively fulfill its responsibilities in the preparation, review and disclosure of annual reports and financial reports to improve the quality and transparency of the disclosure of annual reports and financial reports. During the Reporting Period, the Audit Committee considered the Company's regular financial reports, audit work reports and related party/connected transaction proposals to ensure the truthfulness, accuracy and completeness of financial reporting and disclosure, comprehensively understood the Company's financial position, supervised the conduct of audit work, supervised the implementation of related party/connected transactions, and reviewed the effectiveness of the Company's internal control.

## Section IV Corporate Governance

Attendance of the members of the Audit Committee during the Reporting Period:

<b>Name</b>	<b>Number of actual attendances/number of attendances as required</b>
Zhu Kai (chairman)	2/2
Jin Qinglu	4/4
Yu Xuechun	6/6
Zhou Donghui	6/6
Feng Xingdong	6/6
Luo Xinyu	5/6

- (6) **During the Reporting Period, the special committees of the Board did not have any objections.**

## Section IV Corporate Governance

### VIII. EXPLANATIONS ON DISCOVERY OF THE COMPANY'S RISKS BY THE SUPERVISORY COMMITTEE

The Supervisory Committee had no objection to the supervision matters during the Reporting Period.

During the Reporting Period, all Supervisors of the Company lawfully, honestly and diligently fulfilled their duties in compliance with relevant requirements of laws and regulations and the Articles of Association. The Supervisors actively attended the meetings of the Supervisory Committee, conducted effective supervision over the finance, compliance and risk management and gave prompt opinions and suggestions thereon, which promoted the sustainable and healthy development of the Company.

#### (i) Attendances of Supervisors at the meetings of the Supervisory Committee

During the Reporting Period, the Supervisory Committee of the Company convened a total of 6 meetings with all Supervisors attended in person or by proxy, the details of attendances are set out in the table below:

Name of Supervisors	Position	Required attendance	Attendance of meetings of the Supervisory Committee			Absence
			Attendance in person	Attendance via correspondence	Attendance by proxy	
Du Weihua	Vice chairman of the Supervisory Committee and employee representative Supervisor	6	6	4	0	0
Wu Junhao	Shareholder representative Supervisor	6	5	4	1	0
Shen Guangjun	Shareholder representative Supervisor	6	6	4	0	0
Xia Lijun	Independent Supervisor	6	5	4	1	0
Ruan Fe	Employee representative Supervisor	6	6	4	0	0
Ding Yan	Employee representative Supervisor	6	6	4	0	0
Xu Yongmiao	Shareholder representative Supervisor	1	1	1	0	0
Ling Yun	Shareholder representative Supervisor	1	1	1	0	0
Zhang Jian (resigned)	Shareholder representative Supervisor	4	3	2	1	0
Tong Jie (resigned)	Shareholder representative Supervisor	4	4	2	0	0
Number of meetings of Supervisory Committee convened during the year						6
Including: Meetings convened on-site						2
Meetings convened via correspondence						4



## Section IV Corporate Governance

### (ii) Meetings of the Supervisory Committee

On March 30, 2023, the 13th meeting of the fifth session of the Supervisory Committee was convened by way of on-site meeting, at which the “Work Report of Supervisory Committee of the Company for the Year 2022”, the “Company’s 2022 Annual Financial Report”, the “2022 Profit Distribution Proposal of the Company”, the “Company’s 2022 Annual Compliance Report”, the “2022 Anti-Money Laundering Report of the Company”, the “Company’s 2022 Annual Risk Management Work Report”, the “Special Audit Report on the Company’s Anti-Money Laundering Work in 2022”, the “Company’s 2022 Annual Internal Control Assessment Report”, the “2022 Compliance Management Effectiveness Assessment Report of the Company”, the “Proposal Regarding the Audit of the Related Transactions of the Company in 2022”, the “Proposal Regarding the Projected Routine Related Party Transactions of the Company in 2023”, the “Proposal Regarding the Expected Provision of External Guarantees by the Company in 2023”, the “Special Report on the Deposit and Actual Use of Proceeds of the Company for the Year 2022”, the “Shareholders’ Returns Plan for the Next Three Years (2023-2025) of the Company”, the “2022 Annual Social Responsibility/ESG Report of the Company”, the “2022 Annual Report of the Company”, the “Evaluation Report on Performance of Duties by Directors of the Company for the Year 2022”, the “Evaluation Report on Performance of Duties by Supervisors of the Company for the Year 2022” and the “Evaluation Report on Performance of Duties by Senior Management of the Company for the Year 2022” were considered and approved and the “Company’s 2022 Annual Audit Report” was presented.

On April 27, 2023, the 14th meeting of the fifth session of the Supervisory Committee was convened via correspondence, at which the “First Quarterly Report of the Company for the Year 2023” was considered and approved.

On June 13, 2023, the 15th meeting of the fifth session of the Supervisory Committee was convened via correspondence, at which the “2022 Comprehensive Risk Management Assessment Report of the Company” was considered and approved.



## Section IV Corporate Governance

On August 30, 2023, the 16th meeting of the fifth session of the Supervisory Committee was convened by way of on-site meeting, at which the “Company’s 2023 Interim Financial Work Report”, the “Company’s 2023 Interim Compliance Report”, the “Company’s 2023 Interim Risk Management Work Report”, the “Special Report on the Deposit and Actual Use of Proceeds of the Company for the First Half of 2023”, the “Proposal on the Capital Increase in Chengtay Leasing by Orient Securities Innovation and Connected Transactions”, the “Proposal on the Formulation of the Appraisal and Remuneration Management System for Directors and Supervisors of the Company”, the “Proposal on Amending the Measures for the Evaluation of the Performance of Duties by Directors, Supervisors and Senior Management by the Supervisory Committee of 東方證券股份有限公司”, and the “2023 Interim Report of 東方證券股份有限公司” (A Shares and H Shares) were considered and approved and the “Company’s 2023 Interim Work Report of the Supervisory Committee” was presented.

On October 9, 2023, the 17th meeting of the fifth session of the Supervisory Committee was convened via correspondence, at which the “Proposal on the Election of Supervisors of the Company” was considered and approved.

On October 30, 2023, the 18th meeting of the fifth session of the Supervisory Committee was convened via correspondence, at which the “Third Quarterly Report of the Company for the Year 2023” was considered and approved.

## Section IV Corporate Governance

### IX. INFORMATION ON THE STAFF OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES AS AT THE END OF THE REPORTING PERIOD

#### (i) Staff

The Company realises the diversity of employees (including senior management) in terms of gender, age, cultural and educational background, professional experience, skills and knowledge. The employee structure is as follows:

	Unit: Person
Number of staff employed by the Parent Company	5,563
Number of staff employed by the major subsidiaries	2,889
Total number of staff employed	8,452
Number of retired workers the Parent Company and its major subsidiaries should bear costs for	0
<b>Professional composition</b>	
Business staff (including brokers)	6,535
Finance staff	266
IT staff	786
Other staff	865
<b>Total</b>	<b>8,452</b>
<b>Education</b>	
Doctor	102
Master	3,100
Bachelor	4,602
Junior college graduate and below	648
<b>Total</b>	<b>8,452</b>
<b>Gender composition</b>	
Male employees	4,482
Female employees	3,970
<b>Total</b>	<b>8,452</b>

## Section IV Corporate Governance

### (ii) Remuneration policies

The Company implements a market-oriented and performance-based remuneration system to ensure that remuneration reflects the value of positions, performance contributions and market rates. The Company always adheres to the concept of stable operation and closely integrates remuneration management with risk management, and formulated an incentive and restraint mechanism that matches risk levels, characteristics and duration to ensure the effective implementation of comprehensive risk management, ensure the effective coordination between the remuneration restraint mechanism and compliance management, and prevent compliance risks arising from excessive and short-term incentives. The Company incorporates professional conduct, honest practice, effectiveness of compliance risk control, performance of social responsibility, quality of customer services and long-term interests of shareholders into its remuneration management, and establishes and improves remuneration management based on business characteristics to improve the ability to serve the real economy and national strategies. The Company practices the industry culture of “compliance, honesty, professionalism and stability”, and integrates it into remuneration management. We rely on high-quality talents with both integrity and ability to create value for the Company and the society, and promote the sustainable development of the Company and the industry.

The Company continued to deepen the two-way linkage between remuneration, economic benefits and labour efficiency levels, continuously optimised and standardized the order of income distribution, deepened the performance concept of value contribution and performance output, and continued to improve the performance incentive mechanism. During the Reporting Period of 2023, the total salary and welfare costs of the Company decreased by RMB73 million year-on-year, of which the total salary excluding welfare decreased by RMB166 million. The overall level of remuneration per capita decreased due to the decrease in total remuneration and the increase in the number of people. Please refer to Note 46 to the consolidated financial statements in this report for details of total remuneration.

Pursuant to the applicable laws and regulations, the Company enters into a labour contract with each of its employees to establish an employment relationship. The labour contract contains the provisions relating to a contract term, working hours, rest and vacation, labour remuneration and insurance benefits, labour protection and conditions, as well as modification and termination of the contract.

Under the applicable laws and regulations, the Company purchased various social insurance policies (pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance) and established housing provident fund for its employees. It made contributions to the above social insurance and housing provident fund on time and in full. Meanwhile, the Company, in accordance with the applicable PRC regulations, also established a corporate annuity system and supplementary medical insurance system, which provided supplementary pension and medical protection to employees.

## Section IV Corporate Governance

### (iii) Training plans

During the Reporting Period, according to the operation deployment at the beginning of the year and the medium and long-term mission of “focusing on capacity building and systematically creating a strong engine for talent development”, the Company carried out diversified training programmes in a flexible manner according to the characteristics of career development and stage capacity development requirements of employees at different levels, and continued to improve the hierarchical and classified training system to help improve the comprehensive ability of cadres and employees. The Company carried out various online and offline training activities, including more than 400 online training sessions, involving more than 210,000 participants, and more than 300 offline training sessions were conducted, involving more than 5,000 participants.

In 2024, from the perspective of the talent supply chain, the Company will continue to optimise the hierarchical and classified training system and training methods, emphasise the value and sense of gain of training, improve the supporting internal professional lecturer, tutor system and training system, enrich the training course library, and create a series of training brand projects of Dongfang. Firstly, the Company will carry out special empowerment plans for new middle-level cadres, middle-level reserve talents, branch heads and other cadre teams, focusing on the practicality and tracking of training. Secondly, based on the needs of strategy and business development, the Company will improve the special supporting courses for various professional talents, and carry out customised training programmes as needed. Thirdly, the Company will carry out training programmes for outstanding young employees and strengthen the brand building of employers. Fourthly, the Company will continue to improve its online learning platform, add various high-quality courses, and revise the training system to comprehensively improve the quality and efficiency of training.

### (iv) Labor outsourcing

Some functional departments, branches and subsidiaries of the Company use labour outsourcing to engage in some affair and auxiliary work according to their own needs. In accordance with the requirements of the Civil Code and other national laws and regulations, the Company enters into service agreements with labour outsourcing companies and regulates the management of service quality.



## Section IV Corporate Governance

### (v) Client solicitation and client services by the brokers entrusted by the Company

The Company adopts a custodian agency management mode for the management of brokers. As of December 31, 2023, there were 491 brokers in service.

1. By integrating the resources, the Company has established a securities brokers' management platform and built a securities brokers team under the brokers' management system. At the same time, by cultivating the brokers' abilities of marketing services and improving the service to the investors, the Company has achieved effective risk control, which in turn will promote a healthy and steady development for the Company's brokerage business.
2. The brokers who engage in the activities such as customer solicitations and customer service authorized by the Company shall enter into an agency contract with the Company, for the natural person (other than a corporation), the term of the agency contract is one year.
3. Securities brokers are subject to the management of the Company. Based on compliance management, the securities brokers' management will fully respect the reasonable career development demands and legal interests of the securities brokers.
4. In the course of engaging customer solicitation and customer service, the securities brokers should not only process within the Company's authority, but also should strictly abide by the laws, administrative regulations, the regulations of regulatory agencies and administrative departments, self-discipline rules and professional ethics, and comply with the relevant rules and regulations of the Company.
5. The training for securities brokers: The securities brokers of the Company should carry out the training and study work in accordance with the requirements of the Securities Industry Association. Before carrying out business practice, the brokers should attend training for not less than 60 hours, of which compliance training not less than 20 hours. Furthermore, the brokers should complete the annual follow-up practice training and study work conscientiously, and pass the annual inspection of the association. After completing the learning and examinations of corporate compliance, anti-money laundering and employee practice and information security, the brokers should summarize and file the relevant training records and evaluation results and then report as required. Moreover, the Company should carry out related online function training courses irregularly, involving professional qualifications, marketing management knowledge, product categories and risk control, etc.

## Section IV Corporate Governance

### X. PROPOSAL ON PROFIT DISTRIBUTION OR ON TRANSFER OF CAPITAL RESERVE FUND INTO SHARE CAPITAL

#### (i) Formulation, implementation or adjustment of cash dividends policy

In strict compliance with Article 253 of the Articles of Association, and adhering to the principle of “the same shares entitled to the same rights and dividends”, the Company allocates its profit as per the shareholders’ proportions of shareholding in the Company. The Company implements a sustainable and stable profit distribution policy, and places a great emphasis on the reasonable investment returns of its investors as well as the long-term development of the Company.

The Company formulated a clear profit distribution policy as stated in the Articles of Association: “The Company shall distribute its dividends in cash or in shares, and adopts cash dividends as its priority dividends distribution policy, which enables the shareholders to share the growth and development results of the Company and receive reasonable investment returns, by considering factors such as its development stage and capital requirements. In principle, the Company generally distributes its cash dividends in a profitable year. Subject to the compliance with the profit distribution principle and cash dividends conditions, the Company may also distribute interim cash dividends. The profit distributed by the Company shall not exceed its accumulated distributable profits. Profit distributed in cash in a single year shall be no less than 30% of the distributable profit of that year.”

The profit distribution plan proposed by the Board of Directors shall be passed by a majority of the Directors before it is submitted to the general meeting for consideration and approval. If the independent Directors consider that the specific plan of cash dividend distribution may damage the interests of the listed company or minority shareholders, they shall have the right to express independent opinions. If the Board has not adopted or has not fully adopted the opinions of the independent Directors, it shall record the opinions of the independent Directors and the specific reasons for not adopting them in the resolution of the Board and disclose them. If profit distribution plan for the current year can be decided in compliance with the existing cash dividends policy or as per the minimum proportion of cash dividends, the profit distribution plan shall be passed by more than a half of the voting rights held by shareholders (including their proxies) present at the general meeting. The Supervisory Committee shall monitor the execution of cash dividends policy and the shareholders’ return plan carried out by the Board of Directors, as well as the implementation of appropriate decision-making procedures and the information disclosures.

## Section IV Corporate Governance

Where the Company needs to adjust its profit distribution policy in light of industrial regulatory policies, business operations, investment plans and long-term development of the Company, or due to significant changes in the external operating environment or business operations of the Company, the adjusted profit distribution policy shall not violate relevant laws and regulations and relevant requirements of the CSRC and the stock exchanges. The proposal on the adjustment to the profit distribution policy shall be formulated by the Board of Directors based on the operating condition of the Company and relevant regulations and policies and approved by more than a half of all Directors, and it shall be submitted to the general meeting for consideration. The Supervisory Committee shall monitor the adjustment to profit distribution policy by the Board of Directors. The proposal on the adjustment to the profit distribution policy shall be approved by more than two thirds of the voting rights represented by the shareholders (including their proxies) present at the general meeting, and the Company shall provide an online voting system to facilitate the shareholders to vote on the relevant proposal.

The 2022 profit distribution plan of the Company was implemented on June 28, 2023 by way of cash dividend. Based on the total share capital of 8,496,645,292 Shares as at the end of 2022, a cash dividend of RMB1.50 (inclusive of tax) for every 10 Shares will be distributed to A Shareholders and H Shareholders who are registered on the record date of cash distribution in 2022, with a total cash dividend of RMB1,274,496,793.80, accounting for 42.33% of the net profit attributable to the owners of the Parent Company in 2022 consolidated statements.

The profit distribution plan of the Company was submitted to the shareholders' general meeting of the Company for consideration and approval after being considered and approved by the Board of the Company. When the above proposal was considered at the general meeting, separate votes were counted for minority shareholders. For the year ended 31 December 2023, the Board was not aware of any shareholders who had waived or agreed to waive any dividends.

The profit distribution policy implemented by the Company is in compliance with laws and regulations, the Articles of Association and the provisions of the "Shareholders' Returns Plan for the Next Three Years (2023-2025) of 東方證券股份有限公司", the criteria and ratio of dividend distribution are clear and well-defined, and the relevant decision-making procedures and mechanisms are complete; the independent Directors have performed their duties and responsibilities in the decision-making on profit distribution, and the legitimate rights and interests of minority shareholders have been fully safeguarded.



## Section IV Corporate Governance

### (ii) Specific explanation on cash dividends policy

Was it in compliance with the requirements of the Articles of Association and the resolution of the general meeting	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Was the dividend distribution criteria and proportion well-defined and clear	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Was the related decision-making process and mechanism in place	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Did independent Directors fulfill their duties and play their roles	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Were the minority shareholders given opportunities to sufficiently voice their opinions and make requests and were their legal interests fully protected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

### (iii) During the Reporting Period, there was no instance where the Company records profits and the Parent Company records positive retained profits for distribution to shareholders of ordinary shares but there is no proposal for profit distribution in cash.

### (iv) Proposal on profit distribution and transfer of capital reserve fund into share capital during the Reporting Period

Unit: Yuan Currency: RMB

Dividend for every 10 shares (RMB) (tax inclusive)	1.5
Amount of cash dividend (tax inclusive)	1,269,270,295.20
Net profits attributable to holders of ordinary shares of the Company in the consolidated financial statements for the year	2,753,755,356.48
Percentage of dividend to the net profits attributable to holders of ordinary shares of the Company in the consolidated financial statements (%)	46.09

The 2023 profit distribution plan of the Company: Based on the total share capital of the Company on the record date of the dividend distribution, a cash dividend of RMB1.5 (inclusive of tax) for every 10 shares will be distributed to A Shareholders and H Shareholders who are registered on the record date of the dividend distribution.

In accordance with the relevant provisions of the Guidelines of Self-regulation of Companies Listed on the Shanghai Stock Exchange No. 7 – Repurchase of Shares, the A shares of the Company in the special securities account for the Company's repurchase shall not be entitled to dividend distribution. Based on the Company's total share capital of 8,496,645,292 shares as of December 31, 2023, after deducting 34,843,324 shares in the special account for repurchase as of the disclosure date of the report, the total amount of cash dividends to be distributed is RMB1,269,270,295.20, accounting for 46.09% of the net profit attributable to the owners of the Parent Company in 2023 consolidated statements.

## Section IV Corporate Governance

### XI. THE COMPANY'S SHARE INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVES AND THEIR IMPACTS

#### Employee Stock Ownership Plan

##### 1. *Overview of the H Share Employee Stock Ownership plan of the Company*

In order to establish and improve the benefit co-sharing mechanism between employees and the Company, improve the cohesion among employees and the competitiveness of the Company, attract and retain quality talents, promote the long-term, sustainable and healthy development of the Company, and maximize the interests of the Company, shareholders and employees, the Company implemented the H Share Employee Stock Ownership plan in 2020.

At the 20th meeting of the 4th session of the Board, the 15th meeting of the 4th session of the Supervisory Committee and the 2020 first extraordinary general meeting, the Proposal in relation to the Employee Stock Ownership Plan (Draft) and Abstracts of 東方證券股份有限公司 and the Proposal in relation to the Authorization to the Board to Fully Handle Matters Related to the Employee Stock Ownership Plan were considered and approved. On July 7, 2020, the 4th plenary meeting of the third session of the employee congress of the Company was convened, at which the Proposal in relation to the Employee Stock Ownership Plan (Draft) and Abstracts of 東方證券股份有限公司 was considered and approved. The Employee Stock Ownership Plan of the Company has 3,588 participants, and the total amount of funds raised is RMB316,657,000, of which the subscription amount of Directors, Supervisors and senior management personnel of the Company accounts for 8.27% of the total amount of the Employee Stock Ownership Plan. The funds of the Employee Stock Ownership Plan shall be paid by the employees with their lawful remunerations, self-raised funds and other sources as permitted under the laws and regulations. China Universal was entrusted to manage the Employee Stock Ownership Plan as the asset management agency.

On July 23, 2020, the first meeting of the holders of the Company's Employee Stock Ownership Plan was convened through online voting, at which the Proposal on Election of Members of the Employee Stock Ownership Plan Management Committee of 東方證券股份有限公司 and the Proposal on Authorizing the Employee Stock Ownership Plan Management Committee of 東方證券股份有限公司 to Handle Matters Related to the Employee Stock Ownership Plan were considered and approved.

## Section IV Corporate Governance

The H Share Employee Stock Ownership Plan of the Company has completed the acquisition of all subject shares and relevant transfer and registration on December 24, 2020. In particular, “DFZQ ESOP Single Asset Management Scheme No. 1” and “DFZQ ESOP Single Asset Management Scheme No. 2” acquired a total of 65,906,800 H shares of the Company in the secondary market, accounting for 0.942% of the total share capital of the Company and 6.417% of the H share capital of the Company, at total consideration of RMB0.30 billion, and the remaining fund will be used for liquidity management.

According to the Employee Stock Ownership Plan of 東方證券股份有限公司, the lock-up period of the subject shares purchased under the H Share Employee Stock Ownership Plan of the Company shall be 12 months, which was expired on December 24, 2021. The asset management agency of the Employee Stock Ownership Plan may decide whether to sell the shares at the discretion of the holders of the Employee Stock Ownership Plan.

The Company’s H Share Employee Stock Ownership Plan shall have a term of 5 years commencing from the date of consideration and approval of this Employee Stock Ownership Plan at the general meeting of the Company (July 13, 2020). The term of the Employee Stock Ownership Plan may be extended upon consideration at a meeting of the holders of the Employee Stock Ownership Plan and submission to the Board of the Company for approval. If the term of the Employee Stock Ownership Plan is not validly extended upon expiry, the Employee Stock Ownership Plan shall be terminated automatically.

### **2. Total number of shares held under the Employee Stock Ownership plan during the Reporting Period and as a percentage of the total share capital of the Company**

The lock-up period of the subject shares acquired under the H Share Employee Stock Ownership Plan of the Company expired on December 24, 2021, and certain holders withdrew from the Employee Stock Ownership Plan at their own discretion, resulting in changes in the number of holders, the number of shares held and the percentage of shares held under the Employee Share Ownership Plan. The scope of the Employee Stock Ownership Plan covers the Company and its holding subsidiaries. As at the end of the Reporting Period, the Employee Stock Ownership Plan had a total of 1,978 holders holding a total of 30,978,800 shares, representing 0.3646% of the total share capital of the Company.

## Section IV Corporate Governance

As of the end of the Reporting Period, details of the number of shares held by the Company's Directors, Supervisors and the five highest paid individuals during the Reporting Period calculated based on their respective units under the Employee Stock Ownership Plan are as follows:

<b>Name/category of holder</b>	<b>Number of shares held (shares)</b>
Jin Wenzhong	1,015,292
Lu Weiming	710,705
Du Weihua	507,646
Ruan Fei	203,058
Ding Yan	101,529
Five highest paid individuals during the Reporting Period	467,034
Other employees in aggregate	27,973,536

The Company will continue to pay attention to the implementation progress of the Employee Stock Ownership Plan and perform its information disclosure obligations in a timely manner in accordance with the requirements of relevant laws and regulations.

### **3. Sources of funds for implementation of the plan during the Reporting Period**

The funds of the Employee Stock Ownership Plan shall be paid by the employees with their lawful remunerations, self-raised funds and other sources as permitted under the laws and regulations.

### **4. Change of asset management agency during the Reporting Period**

During the Reporting Period, there was no change of asset management agency of the Company's Employee Stock Ownership Plan.

### **5. Disposal of shares held by the holders of the Employee Stock Ownership Plan when they resign, retire, decease, or are no longer suitable for participating in the Employee Stock Ownership Plan or other disposal other than those mentioned above**

During the Reporting Period, the Company acted strictly in accordance with the provisions of the Employee Stock Ownership Plan in the event that the holders become unsuitable to participate in the Employee Stock Ownership Plan during the validity period of the plan.

## Section IV Corporate Governance

### 6. *Changes in the composition of the management committee of the Employee Stock Ownership plan*

During the Reporting Period, there was no change in the composition of the management committee of the Employee Stock Ownership Plan of the Company.

The Company will strictly adhere to the market trading rules, continuously monitor the implementation and progress of the Employee Stock Ownership Plan of the Company, and perform its obligation of information disclosure under relevant regulations in a timely manner.

The Company had no other incentive measures during the Reporting Period.

(i) *There were no equity incentives granted to Directors or senior management during the Reporting Period.*

(ii) *Establishment and implementation of performance appraisal and incentive mechanisms for senior management during the Reporting Period*

During the Reporting Period, the Company set clear performance targets for senior management according to the division of responsibilities of senior management, and conducted annual performance appraisal on senior management after the end of the financial year. The Company formulates the annual remuneration distribution plan in accordance with the Evaluation, Incentive and Restriction Mechanism Plan for the Senior Management Members of DFZQ, which was implemented after review by the Remuneration and Nomination Committee.

## Section IV Corporate Governance

### XII. ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

#### (i) Board's representation

The Board of the Company is responsible for establishing sound risk control and internal control systems and effectively implementing those systems, assessing their effectiveness and disclosing the assessment report on internal control in a truthful manner in accordance with the requirements under the Enterprise Internal Control Standard System. The Supervisory Committee supervises the establishment and implementation of internal control by the Board. The management is responsible for organizing and leading daily operations of corporate internal control. The Company's Board, Supervisory Committee and its Directors, Supervisors and senior management warrant that the content in this report does not contain any false representations, misleading statements or material omissions, and severally and jointly take legal responsibility for the truthfulness, accuracy and completeness of the contents contained herein.

The objectives of the Company's internal control are to reasonably guarantee the compliance of its operations and management with the laws, assets security, and the truthfulness and completeness of financial reports and relevant information so as to enhance its operational efficiency and results as well as facilitate in realizing its development strategies. Due to the inherent limitations in internal control, only reasonable guarantees can be provided for achieving the above mentioned objectives. In addition, projections on effectiveness of internal control in the future based on internal control appraisal results are subject to the certain risk that internal control may become inadequate due to changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

#### (ii) Establishment of risk management and internal control institutions

The Company has established a scientific and efficient internal control structural system. The institution consists of the Board, Supervisory Committee, management, functional management departments and business operations departments, each with its definite scope of work and duties.

The Board shall be responsible for the effectiveness of internal control of the Company. Besides, it has set up special committees, including the Compliance and Risk Management Committee and the Audit Committee, to comprehensively supervise the effective implementation and self-evaluation of internal control. The Chief Compliance Officer is responsible for enforcing the strategies and policies of the compliance management and submitting compliance reports to the Board. The Supervisory Committee of the Company supervises the establishment and implementation of internal control by the Board. The Company's management is responsible for organizing and leading the daily operations of its internal control.

## Section IV Corporate Governance

The functional departments for internal control and management mainly include the legal and compliance department, risk management department, audit centre, strategic development department, office of discipline inspection, system research and development department, system operation department and human resources management department, which are responsible for the specific implementation of internal control works and assessment on the soundness and effectiveness of each internal control system. Each of the Company's functional departments, branches and subsidiaries serves as the implementation unit for internal control. The Company designates a special person to oversee the improvement and evaluation on the internal control system for his own unit.

### (iii) Establishment and improvement of risk management and internal control system

During the Reporting Period, the Company commenced a thorough review and improvement, formulating and revising internal regulations and systems relating to corporate governance, principal businesses and compliance risk management based on the work of last year together with the assessment on internal control of the Company with a view to further refining the internal control system, regulating the business procedures and ensuring that internal control covers the Company's various business links and the whole process of management decision-making, execution and supervision.

During the Reporting Period, according to the new regulations issued by regulatory authorities at different levels and based on the requirements related to corporate governance, the Company updated and improved the internal control systems, mainly including the Measures for the Administration of Contracts of Orient Securities Company Limited (Revised in 2023), the Information Isolation Wall System of Orient Securities Company Limited (Revised in 2023), the Measures for Procurement Management of Orient Securities Company Limited, the Measures for Liquidity Risk Management of Orient Securities Company Limited (Revised in 2023) and the Measures for Operational Risk Management of Orient Securities Company Limited (Revised in 2023).

### (iv) Basis of building internal control over financial reports

The Company has established and improved a sound internal control system over financial reports based on the Basic Norms for Enterprise Internal Control and Corresponding Guidelines for Enterprise Internal Control issued jointly by the Ministry of Finance of the PRC, CSRC, National Audit Office of the PRC, China Banking Regulatory Commission and China Insurance Regulatory Commission, the Guidelines for Internal Control of Securities Companies issued by the CSRC, and Guidelines of SSE for the Internal Control of Listed Companies issued by the SSE.

## Section IV Corporate Governance

During the Reporting Period, considering industrial features and actual conditions of the Company, the Company sorted out and improved its financial accounting management system in strict accordance with the Company Law, Accounting Law, Accounting Standards for Business Enterprises, Standardization of Basic Work of Accounting, Financial Rules for Financial Enterprises, Basic Norms for Enterprise Internal Control and other relevant laws and regulations in the PRC. The financial reports prepared by the Company comply with accounting standards, and give a true, accurate and complete view of its financial positions, operating results, cash flow and other relevant information. According to the Articles of Association and relevant provisions, the Company's Supervisory Committee and external auditor effectively inspected and supervised the Company's financial positions and issued professional audit opinions on its financial reports.

During the Reporting Period, the sound system of internal control over financial reports of the Company ran well and could ensure the quality of financial reports and high reliability of financial information.

### (v) Operations of risk management and internal control system

As of the end of the Reporting Period, the Company has established an internal control system which fully covered its departments, branches and subsidiaries. In accordance with the requirements of the Basic Norms for Enterprise Internal Control, the Guidelines for the Evaluation of Enterprise Internal Control, the Guidelines for Internal Control of Securities Companies, Internal Control Guidelines for Bond Investment and Trading Business of Securities Fund Operating Institutions and Guidelines on Internal Control of Investment Banking Business of Securities Companies and other relevant laws and regulations, the Company sorted out the business procedures of its departments, branches and subsidiaries, updated regularly in accordance with external laws and regulations, company systems and business updates. During the Reporting Period, the overall operation of the Company's internal control system was good, and an internal control system appropriate to the nature, scale and complexity of the business has been established, which can reasonably ensure the legality and compliance of the Company's operation and management, asset safety and the truthfulness and completeness of financial reports and related information, and improve operating efficiency and effectiveness.



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### (vi) Conclusion of risk management and internal control evaluation

Pursuant to the requirements of the Basic Norms for Enterprise Internal Control, the Guidelines for the Evaluation of Enterprise Internal Control, the Guidelines for Internal Control of Securities Companies and the Guidelines of SSE for the Internal Control of Listed Companies and other relevant laws and regulations, the Company evaluated the effectiveness of the design and implementation of its internal control as at December 31, 2023 and issued the 2023 Evaluation Report on Internal Control. The Compliance and Risk Management Committee of the Board makes analysis and independent assessment on the adequacy and effectiveness of the Group's risk management and internal control system. During the Reporting Period, the internal control system of the Company operated effectively and functioned as a better management and control in all key aspects of the Company's operation and management, which was able to provide guarantee for the healthy operation of the Company's businesses and the control of operational risks, and reasonably ensured the reliability of financial reports, the legitimacy of business operations, and the efficiency and effectiveness of operations.

According to the identification of significant defects in internal control over its financial reports and non-financial reports, the Company did not discover any significant defects in internal control over non-financial reports as at the base date of internal control evaluation report.

From the base date of internal control evaluation report to the date of issue of such internal control evaluation report, there were no significant changes in internal control that may have a substantive effect on the conclusion of evaluation.

### (vii) Work plan on internal control for 2024 by the Board

In order to ensure that the Company's internal control is appropriate to the business scale, business scope, competition status and risk level of the Company, based on its own development needs and in accordance with the requirements of the Basic Norms for Enterprise Internal Control and its supporting guidelines, the Company will continuously adjust and improve its internal control management, continue to enhance the promotion and training of internal control standards and constantly improve the Company's internal control and risk management level in 2024.

There were no material deficiencies in the Company's internal controls during the Reporting Period.

## Section IV Corporate Governance

### XIII. ESTABLISHMENT OF THE COMPLIANCE MANAGEMENT SYSTEM OF THE COMPANY

In 2023, based on the Company's general plan and under the leadership of the chief compliance officer and chief risk officer, the compliance and legal management department closely followed the work requirements of the Board and the Supervisory Committee of the Company, successfully carried out various compliance management works, and maintained effective operations of its compliance management system. The Company had no major violations of the laws and regulations throughout the year.

#### 1. Compliance management philosophy of the Company

The compliance management philosophies promoted by the Company mainly include: all employees are accountable to compliance; compliance starts from senior management; compliance creates value; compliance is the cornerstone of the Company.

#### 2. Compliance management principle of the Company

The Company established compliance management mechanism and guaranteed the effectiveness, comprehensiveness, independence and compulsoriness of the compliance management system by virtue of the establishment and implementation of compliance management system and mechanism.

#### 3. Organizational structure and duties of compliance management

In the organizational structure of the Company's compliance management, the responsibilities for compliance management at various levels of the Company are as follows:

The Board shall be accountable to the decision of the objectives of the compliance management of the Company, and take ultimate responsibility for the effectiveness of corporate compliance management, details of which include: considering and approving the Company's basic system of compliance management; considering and approving annual compliance report; deciding the dismissal of the senior management member who assumes the primary or leadership responsibility for substantial compliance risks; deciding the engagement, dismissal, making an appraisal on the duty performance of chief compliance officer and determining his/her remuneration; establishing direct communication mechanism with the chief compliance officer; evaluating the effectiveness of compliance management and urging rectification in relation to compliance management defects; performing other compliance management duties stipulated in the Articles of Association.

## Section IV Corporate Governance

The Board has established the compliance and risk management committee, whose responsibilities include: considering and advising on the general objectives of compliance management and risk management, considering and advising on basic policies; considering and advising on the establishment of compliance management and risk management institutions and determining respective duties thereof; evaluating and advising on solutions of material decision-making risks and material risks required to be considered by the Board; considering and advising on compliance reports and risk assessment reports required to be considered by the Board; performing other duties determined by the Board and stipulated in the listing rules or regulatory rules of the place where the shares of the Company are listed.

The Supervisory Committee takes the supervisory responsibilities for the effectiveness of Company's compliance management, whose duties include: supervising the duty performance of compliance management by Directors and senior management; proposing the dismissal of the Directors and senior management who assume the primary or leadership responsibility for the occurrence of major compliance risks; performing other compliance management duties as stipulated in the Articles of Association.

The senior management of the Company is responsible for fulfilling the compliance management objectives, establishing and optimizing compliance management mechanism and carrying out compliance management tasks in daily operations. Among them, the main person in charge of the Company's operation and management is responsible for the Company's compliant operation, and other senior management personnel are responsible for the compliant operation in their respective fields.

The Company has set up a position of chief compliance officer who is a member of senior management and in charge of Company's compliance issues and is directly accountable to the Board. The chief compliance officer shall examine, supervise and inspect the compliance concerning the operation, management and practice conduct of the Company and its staff. To ensure the independence of chief compliance officer, the Company has provided that the chief compliance officer shall not concurrently take charge of the business department and branches with business functions and shall not be in charge of the business department and branches with business functions as well as shall not concurrently take charge of business operations in subsidiaries of which the duties are in conflict with that of the compliance management.



## Section IV Corporate Governance

In order to cooperate with the Company's chief compliance officer to carry out related work, the Company established the compliance and legal management department, which is responsible for the Company's compliance management and legal management. The person in charge of the compliance and legal management department shall be nominated by the chief compliance officer. Compliance and legal management department, accountable to the chief compliance officer, shall perform duties of compliance and management in accordance with the Company's requirements and the chief compliance officer's arrangement. Compliance and legal management department shall not assume other duties relating to business, finance and information technology that conflicts with that of compliance management.

A full-time or part-time compliance and risk officer is also deployed in each of the Company's departments and branches. Such officer is responsible for formulating and refining internal control procedures of the unit, carrying out compliance review of every business activity of the department, completing compliance management tasks and providing assistance to the compliance and legal management department and incorporating compliance management to the whole process of operation, management and employees' practice conduct.

The Company incorporates its subsidiaries at all levels into a unified compliance management system, requiring the subsidiaries to establish their own organic and effective compliance management organisational structure, system process and information technology system, review the compliance management system of subsidiaries, supervise and inspect the compliance of the operation and management behaviors of the subsidiaries, and urge subsidiaries to comply with the requirements of the Parent Company in compliance management.

The audit centre of the Company incorporates the effectiveness of compliance management into the scope of internal audit. Through the audit of the Company and its departments, branches and subsidiaries, the Company incorporates compliance management into the scope of audit, proposes auditing opinions and suggestions, and supervises the relevant units to implement rectification measures when issues are discovered.

## Section IV Corporate Governance

The person-in-charge of each department, branch and subsidiary of the Company shall be responsible for carrying out the compliance management objectives and shall strengthen the supervisory management for practice conduct of its staff, and bear the leading responsibilities for compliance operation in such unit.

All staff of the Company shall comply with the laws, regulations and rules relating to their practice conduct, actively identify and control compliance risks in their practice conduct, as well as directly assume direct responsibilities for the compliance of all businesses and practice conduct within the scope of operational activities and shall perform the following compliance management duties: proactively acquiring knowledge, keeping abreast of and complying with relevant laws, regulations and rules; actively attending compliance training and compliance promoting activities arranged by the Company; signing the documents of compliance commitments and keeping the commitments thereof according to the Company's requirements; paying sufficient attention to compliance of practice conduct in the course of the practice; actively identifying and preventing business compliance risks during the course of business; actively reporting to the Company in a timely manner in accordance with the requirements of the Company when illegal actions or compliance risks are identified; actively cooperating with investigation commenced by the Company, accepting accountability and implementing rectification measures when compliance risks issues are identified.

### 4. The Company's compliance management system

Pursuant to the provisions under the Regulations on Administration Supervision of Securities Companies and the Administrative Measures on Compliance of Securities Companies and Securities Investment Fund Management Companies promulgated by the CSRC and the Guideline for the Implementation of the Compliance Management of Securities Companies promulgated by the Securities Association of China and other laws and regulations and rules of self-regulation, the Company sets requirements on the duties of compliance management, performance guarantees and operating mechanism at each level based on the actual situation of the Company.

The Company integrated various requirements on compliance management into various business procedures in formulating a variety of systems. The Company's formulation of or amendment to various systems shall be subject to the approval by the compliance department, which guarantees the normalization of such systems. In 2023, the Company conducted compliance and legal review on 165 newly-established or revised systems at the level of the Company and department.

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### 5. Compliance report system

The Company has established a sound and effective compliance report system and developed a smooth channel for communication of compliance information among branches, subsidiaries, business departments, compliance and legal management department, the operational management and the Board, thereby ensuring timely, accurate and complete transmission and feedback of relevant information. Currently, the Company has established a whole set of report systems including daily reports, monthly reports, annual reports, extraordinary reports and special reports.

All departments, branches and subsidiaries report to the chief compliance officer and the compliance and legal management department on the legal compliance of their respective operation and management and the implementation of compliance management works in accordance with the Company's requirements. According to the Company's requirements, the chief compliance officer reports to the Board and the principal person in charge of operational management on the legal compliance of the Company's operation and management and the implementation of compliance management; and reports on relevant matters in a timely manner in accordance with the requirements of the CSRC and its branches and self-regulatory organizations. The chief compliance officer shall report promptly to the Board, the Supervisory Committee, management, regulators and industrial self-regulatory organizations upon discovery of the violation of laws and regulations by the Company or potential compliance risks according to the relevant requirements.

## XIV. CHECK AND AUDIT BY THE COMPLIANCE AND AUDIT DEPARTMENT OF THE COMPANY

During the Reporting Period, the Company established a leading group for the audit of the Party Committee to further strengthen the overall leadership of the Party Committee on the audit. The Company's audit department was upgraded to the audit centre to centrally and uniformly manage the audit of the headquarters departments, branches and subsidiaries. During the Reporting Period, the audit centre completed a total of 124 audit projects, including 25 headquarters-level and subsidiary-level projects and 99 operating branch-level projects, fully covering various fields such as wealth management business, overseas business, asset management business, alternative investment business, futures business, securities investment business, financial derivatives business, as well as administrative management, procurement management, capital management, information technology management, connected transactions, anti-money laundering. In addition, the audit centre led in arranging and completing the Company's annual internal control appraisal and assessment on effectiveness of compliance management.

During the Reporting Period, the audit centre closely focused on the decision-making and deployment of the Party Committee and the Company's strategic planning, adhered to risk orientation, focused on key areas and critical sections, increased the breadth and depth of audit, optimized the allocation of audit resources and audit work mechanism, deepened the coordination of supervision and the application of audit rectification results, and effectively played the role of audit in preventing operational risks, promoting standardized management and strengthening supervision and constraints.

## Section IV Corporate Governance

### XV. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

The Company strictly performed its duties as a shareholder. On the basis of maintaining the market-oriented and professional development of the subsidiaries, the Company emphasized the collaboration of resources such as customers, talents and brands and comprehensive centralized penetration and integrated management, which strongly enhanced the operational efficiency of the subsidiaries and facilitated standard internal governance. Mainly by formulating the Measures for Management of Subsidiaries, the Measures for Compliance Management of Subsidiaries and the Measures for Risk Management of Subsidiaries, the Company has standardized the requirements for party building, corporate governance, management of material matters, strategic management and control, human resources management, financial management, compliance risk management and audit of its subsidiaries. The Company has further strengthened its internal control standards with reference to regulatory requirements and has integrated the compliance, internal control and risk management of its subsidiaries at all levels into a unified management system, with vertical management of the compliance and risk management of its subsidiaries.

During the Reporting Period, the strategic objectives and development directions of the subsidiaries were in line with the Company's general development strategies and overall objectives, and the Company's management procedures and control measures over the subsidiaries were appropriate and effective and in line with the requirements of internal and external regulations.

### XVI. EXPLANATIONS ON THE AUDIT REPORT ON INTERNAL CONTROL

Deloitte Touche Tohmatsu Certified Public Accountants LLP was engaged by the Company to conduct an audit on the Company's internal control and issued an unqualified audit report on its internal control.

For details of the Company's audit report on internal control, please refer to the Audit Report on Internal Control of Orient Securities Company Limited disclosed on the website of the SSE ([www.sse.com.cn](http://www.sse.com.cn)) on March 27, 2024.

Was the audit report on internal control disclosed:	Yes
Opinion on the audit report on internal control:	Standard unqualified opinion

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### XVII. RECTIFICATION OF SELF-INSPECTED PROBLEMS IN SPECIAL ACTIONS ON CORPORATE GOVERNANCE OF LISTED COMPANIES

In accordance with the plan of the “Opinions of the State Council on Further Improving the Quality of Listed Companies” and the requirements of the “Announcement on Special Actions on Corporate Governance of Listed Companies” of the CSRC, the Company actively organized a comprehensive self-inspection on all 119 matters covered in the “Checklist for Special Self-inspection on Corporate Governance of Listed Companies”, which was successfully reported to the system of the CSRC after being signed and confirmed by all Directors, and no feedback or rectification comments were received subsequently, reflecting the affirmation of the regulatory authorities on the level of corporate governance of the Company. Meanwhile, in accordance with the requirements of this special action, the Company strengthened the internal force of corporate governance, improved corporate governance rules and regulations, and enhanced training for the “key minority” during the Reporting Period, so as to further improve the governance structure of the listed company with each division having its own responsibilities, coordinated operation and effective checks and balances.

### XVIII. OTHERS

#### (i) Company secretaries

As of the end of the Reporting Period, Mr. Wang Rufu and Mr. Ngai Wai Fung are the Company’s joint company secretaries. Mr. Ngai Wai Fung is currently the chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited. The Company’s main contact person with Mr. Ngai Wai Fung is Mr. Wang Rufu, the joint company secretary of the Company. During the Reporting Period, Mr. Wang Rufu and Mr. Ngai Wai Fung both received no less than fifteen hours of relevant professional trainings as required by the Rule 3.29 of the Hong Kong Listing Rules. Mr. Wang Ru Fu was granted the 5A rating in the 2023 Board Secretary Performance Evaluation by the China Association for Public Companies, the 19th Golden Board Secretary by New Fortune and other awards.

#### (ii) Compliance with code for securities transactions

The Company has adopted the Model Code as the code for all Directors and Supervisors to conduct the Company’s securities transactions. Upon specific enquiry, all Directors and Supervisors confirmed that they had strictly observed standards as specified in the Model Code during the Reporting Period. The Company has also set guidelines, at least as strict as the Model Code, on the Company’s securities transactions for relevant employees (as defined under the Hong Kong Listing Rules). The Company has not found any relevant employees violating the said guidelines.

The Board will, from time to time, examine the corporate governance and operation of the Company to comply with the relevant provisions of the Hong Kong Listing Rules and protect the interests of shareholders.



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### (iii) Directors' and auditor's responsibilities for accounts

The Board has acknowledged its responsibility for preparing the annual report of the Group for the year ended December 31, 2023.

The Board is responsible for presenting a clear and definite assessment in respect of annual reports and interim reports, price-sensitive information and other disclosures as required by the Hong Kong Listing Rules and other regulatory requirements. The management has provided the Board with relevant necessary explanations and information so that the Board could make an informed assessment of the financial information and positions of the Group and submitted to the Board for consideration and approval.

There are no any material uncertainties or situations that may cause material doubt as to the Company's capability of sustainable operation. In addition, the Company has arranged appropriate insurance coverage for potential legal actions and liabilities against the Directors, Supervisors and senior management.

### (iv) Communications with shareholders

The general meeting is the supreme authority of the Company, and all shareholders exercise their powers through such meeting. The Company convened and held the general meetings in strict compliance with relevant requirements, and ensured that all shareholders, especially minority shareholders, enjoy equal status and fully exercise of their rights. In accordance with the Articles of Association, the Company carried out the operations in an orderly manner and maintained healthy and stable development, thus effectively protecting the interests of the Company and its shareholders.

The Company attaches great importance to the opinions and suggestions from its shareholders, carries out a variety of investor relation events in a positive, active and standardized manner to maintain communications with shareholders and promptly meet their reasonable demands. Meanwhile, the Company releases its announcements, financial data and other relevant data on its website ([www.dfzq.com.cn](http://www.dfzq.com.cn)), which serves as a channel facilitating effective communication with the shareholders. The shareholders may make enquiries through emails, hotlines and directly sending their letters to the Company's office address. The Company will handle such enquiries in a timely and proper manner. The Board has examined and reviewed the Shareholders' Communication Policy during the Reporting Period and having considered the various communication and engagement channels available, it is of the view that the Company's existing Shareholders' Communication Policy has been properly implemented and is effective.

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The Board welcomes suggestions from the shareholders and encourages them to attend the general meetings to directly express any concerns to the Board or the management. Usually, the chairman of the Board, the chairmen of respective committees and the management would attend annual general meetings and other general meetings to answer questions put forward by shareholders.

Shareholders may convene a general meeting and make proposals at the general meeting in accordance with the procedures provided in the Articles of Association, which has been published on the websites of the SSE ([www.sse.com.cn](http://www.sse.com.cn)), the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.dfzq.com.cn](http://www.dfzq.com.cn)).

The Board will be arranged to attend the Company's 2023 annual general meeting to answer shareholders' enquiries.

Detailed procedures relating to voting and the resolutions to be voted by way of poll will be published on the websites of the SSE (for A Shares) or contained in the circular to be dispatched to shareholders (for H Shares).

Shareholders may convene an extraordinary general meeting and make interim proposals at the general meeting in accordance with the procedures provided in the Articles of Association.

### (v) Investors relationship activities

The Company attaches great importance to investor relations management and regards the maintenance and management of investor relations as one of the most important deployments of the Company's future capital strategy. By upholding the work philosophy of "Sincerity, Professionalism and Compliance", the Company has formed an investor relations team led by the secretary of the Board to build a two-way communication channel with investors. The Company has established an Investor Relationship work system, mechanism and procedures. Through the dedicated investor hotline, e-mail, "Investor Relations" column of the company website, WeChat official account of "Orient Securities Investor Relation Platform", teleconferences, on-site reception, online interaction, investor meeting, results release press conference, performance roadshow and the E-interactive platform launched by the SSE, and other various vehicles the Company strengthens communication with investors. In addition, the Company carefully considers the opinions and suggestions of investors and makes every effort to promote high-quality development.

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In 2023, the Company amended the Investor Relations Management Measures in accordance with the Guidelines on Investor Relations Management for Listed Companies of the CSRC and other laws and regulations. For investor communication, in order to fully safeguard the rights and interests of different kinds of investors, and effectively convey the Company's information and corporate value in a timely manner, the Company successfully held the results presentations for the year of 2022, the 2023 first quarterly, 2023 interim and 2023 third quarterly. In particular, the Company's the annual and interim results presentation was successfully held by way of "physical venue + online live broadcasting". Led by the chairman of the Board, the senior management team attended the meeting. Institutional investors, analysts, media reporters and other relevant parties from different sectors were invited to attend the meeting and ask questions, and a channel was opened up for minority investors to ask questions before and during the meeting, with an accumulated views of over 114,000 visits to the live broadcast page. Through professional, sincere and thorough communication, the meeting helped investors quickly and accurately understand the key points of the Company's information disclosure and gain a full picture of the Company's development status and prospects. In addition, during the Reporting Period, the Company maintained communication with analysts and investors by attending securities dealers' strategy meetings and hosting research visits and other roadshow activities, arranged designated personnel to answer the investor hotline and addressed questions from investors, patiently answered 79 questions from various investors through "SSE E-Information" platform, and published 22 articles with graphics and photos related to the Company's operation on the WeChat official account of "Orient Securities Investor Relation Platform", thereby increasing recognition by investors and facilitating synergies between investors and the Company through multiple channels. Meanwhile, market concerns were regularly reported by the Company to the senior management team, thus building a two-way communication channel between investors and the management of the Company. During the Reporting Period, the Company won various awards including the "Best IR Hong Kong Listed Company (A+H Shares)" and the "Best ESG Information Disclosure Award" by New Fortune, which effectively enhanced the Company's market reputation and influence.

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During the Reporting Period, the Company held results presentations and was invited to participate in securities dealers' strategy meetings and other exchange activities as follows:

Date of event	Venue of event	Communication methods	Communication targets	Communication content
February 9, 2023	Online	Teleconference	Investors invited to the spring strategy meeting of Guolian Securities	The Company's operation, business characteristics and highlights, long-term development strategy, etc.
February 15, 2023	Online	Teleconference	Investors invited to the spring strategy meeting of Changjiang Securities	
February 24, 2023	Shenzhen	On-site communication	Investors invited to the spring capital market summit of CSC Financial	
March 3, 2023	Chengdu	On-site communication	Investors Invited to the spring capital forum of GF Securities	
March 31, 2023	Shanghai + Online	On-site meeting +Live broadcasting	2022 annual results presentation of the Company	
May 4, 2023	Online	Teleconference	Results presentation of the first quarter of 2023	
May 10, 2023	Shanghai	On-site communication	Investors invited to the 2023 interim investment strategy meeting of Northeast Securities	
May 10, 2023	Online	Text interaction	2023 Group Results Briefing of Annual Report of Listed Companies in Shanghai and Briefing on the First Quarterly Results of 2023 of DFZQ	
May 11, 2023	Beijing	On-site communication	Investors invited to the 2023 interim strategy meeting of Kaiyuan Securities	
May 12, 2023	Shanghai	On-site communication	Investors invited to the 2023 interim capital market summit of CSC Financial	

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Date of event	Venue of event	Communication methods	Communication targets	Communication content
May 19, 2023	Online	Teleconference	2023 interim strategy meeting of Tianfeng Securities	
May 25, 2023	Hangzhou	On-site communication	Investors invited to the “Talking with Company Leaders” Forum of GF Securities	
May 31, 2023	Hefei	On-site communication	Investors invited to the 2023 interim strategy meeting of CITIC Securities	
June 2, 2023	Shanghai	On-site communication	Investors invited to the 2023 interim investment summit of Huatai Securities	
June 8, 2023	Shanghai	On-site communication	Investors invited to the 2023 interim investment strategy meeting of Essence Securities	
June 13, 2023	Shanghai	On-site communication	Investors invited to the 2023 interim strategy meeting of CICC	
June 28, 2023	Shanghai	On-site communication	Investors invited to the 2023 interim strategy meeting of Hua Chuang Securities	
June 29, 2023	Shanghai	On-site communication	Investors invited to the “2023 China Capital Market High-end Forum and Interim Strategy Meeting” of Industrial Securities	

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Date of event	Venue of event	Communication methods	Communication targets	Communication content
June 30, 2023	Hefei	On-site communication	Investors invited to the “2023 Yangtze River Delta Innovative Technology and Finance Conference and Haitong Securities Interim Strategy Meeting” of Haitong Securities	
August 31, 2023	Shanghai	On-site communication	2023 autumn capital forum of GF Securities and closed-door exchange meeting of listed companies	
September 1, 2023	Shanghai + Online	On-site meeting +Live broadcasting	2023 interim results presentation of the Company	
September 6, 2023	Shanghai	On-site communication	Investors invited to the 2023 autumn strategy meeting of Kaiyuan Securities	
September 7, 2023	Online	Text interaction	2023 Online Group Reception Day for Investors of Listed Companies in Shanghai	
September 8, 2023	Shanghai	On-site communication	Investors invited to the interim strategy meeting of Haitong Securities	
November 1, 2023	Changsha	On-site communication	Investors invited to the 2024 annual strategy meeting of Founder Securities	

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Date of event	Venue of event	Communication methods	Communication targets	Communication content
November 2, 2023	Online	Teleconference	Investors invited to the listed company exchange meeting of Huafu Securities in the fourth quarter of 2023	
November 2, 2023	Online	Teleconference	Investors invited to the institutional bulk-holding stock summit of Zheshang Securities in the fourth quarter of 2023	
November 16, 2023	Shenzhen	On-site communication	Investors invited to the 2024 annual meeting of capital market investment of Shenwan Hongyuan	
November 21, 2023	Online	Text interaction	2023 third quarterly results presentation of the Company	
November 23, 2023	Guangzhou	On-site communication	Investors invited to the 2024 Capital Market Annual Meeting of CITIC Securities	
November 23, 2023	Online	Teleconference	Investors invited to the 2024 annual strategy meeting of Caitong Securities	
December 6, 2023	Shanghai	On-site communication	Investors invited to the 2024 capital market summit of CSC Financial	
December 8, 2023	Shanghai	On-site communication	Investors invited to the 2024 annual strategy meeting of Essence Securities	
December 14, 2023	Shanghai	On-site communication	Investors invited to the 2024 annual investment strategy reporting meeting of Haitong Securities	
December 20, 2023	Shanghai	On-site communication	Investors invited to the 2024 listed company exchange meeting of Industrial Securities	

## Section IV Corporate Governance

During the Reporting Period, the Company maintained communication with securities dealer analysts, institutional investors and individual investors as follows:

<b>Date of event</b>	<b>Method of communication</b>	<b>Communication targets</b>	<b>Content of communication</b>
2023	Phone calls, text messages, on-site communication, etc.	Guotai Junan, Huatai Securities, GF Securities, Shenwan Hongyuan, China Galaxy, China Merchants Securities, Industrial Securities, Founder Securities, Dongwu Securities, Tianfeng Securities, Zheshang Securities, Ping An Securities, Great Wall Securities, Pacific Securities, Citigroup, Goldman Sachs Group, E Fund, China Southern Asset Management, Fullgoal Fund, GF Fund, Hwabao WP Fund, Fidelity, etc. as well as small and medium-sized investors who communicated with the Company through channels such as the investment relations hotline and the investment relations e-mail.	The Company's operation, business characteristics and highlights, long-term development strategy, etc.

(vi) During the Reporting Period, there was no change in the Articles of Association.



## Section V Environmental and Social Responsibilities

### I. INFORMATION ON ENVIRONMENTAL PROTECTION

Whether an environmental protection mechanism is in place	Yes
Investment in environmental protection during the Reporting Period (Unit: RMB'0000)	491.79

The Company operates in financial securities industry and is a non-key emission company. The Company has always advocated and carried out the concept of “green office, low-carbon life”, explored energy-saving, environmental protection and efficient management mode, and implemented the concept of green environmental protection in the Company’s management process.

#### (i) Information on activities that are conducive to protecting the ecosystem, preventing and controlling pollution, and performing environmental responsibility

The Company attaches great importance to ecological protection and pollution prevention, diligently studies and implements the concept of green development, and fulfills its corporate environmental responsibility through its own green operations and environmental public welfare activities.

For its own operations, the Company encourages all staff to eliminate energy waste at source and improve energy efficiency. In 2023, the Company continued to publish electronic versions of corporate reports, and used the OA system to publish notices and promote a paperless office. Employees were encouraged to recycle and reuse office supplies, daily office waste and other non-hazardous waste generated in office operations, and those that cannot be recycled were collected and treated by the property management company. The Company engaged qualified companies to recycle and properly dispose of hazardous waste, thereby actively fulfilling its green responsibilities as a financial institution. In addition, the Company added the “Sustainable Development” column on its official website to showcase its actions and achievements in energy conservation, emission reduction and response to climate change.

For environmental public welfare activities, the Company focused on “plastic reduction”, actively promoted “zero-waste” buildings and “zero-waste” meetings, placed “plastic reduction stations” in the headquarters building for recycling plastic products, and used various methods to promote green operation and environmental protection and implement the concept of low-carbon through practical action. For customers, partners and other external parties, the Company launched the “Trust and Reliance” green concept advocacy column through its official WeChat platform, and continued to promote the concept of “green office and low-carbon lifestyle” to promote a low-carbon and eco-friendly lifestyle among customers and society.

## Section V Environmental and Social Responsibilities

### (ii) Measures taken to reduce its carbon emissions during the Reporting Period and their effects

Whether carbon reduction measures are adopted	Yes
Reduction in emissions of carbon dioxide equivalent (in tonnes)	1,608.98
Types of carbon reduction measures (e.g. use of clean energy to generate electricity, use of carbon reduction technologies in production processes, development and production of new products that contribute to carbon reduction, etc.)	<ol style="list-style-type: none"> <li>1) The Company promoted green operations through energy-saving and low-carbon building operations and promotion of carbon reduction among employees.</li> <li>2) The Company's data centers promoted low-carbon transformation through a series of energy-saving improvements, including: <ul style="list-style-type: none"> <li>• Reducing power line losses through an efficient power supply system with substations on each floor of data server module.</li> <li>• Adopting diffuse and lateral air supply and the server rack heat channel close-off technology to significantly enhance the cooling efficiency.</li> <li>• Using highly efficient equipment such as intelligent busbars, energy-storage UPS and high-efficiency cooling and heating source units to improve energy utilization efficiency.</li> <li>• Using natural cooling technology to improve cooling efficiency, with natural cooling capacity accounting for over 86% of the total rated cooling capacity in winter.</li> </ul> </li> </ol>

#### *Detailed description*

The Company always persists in implementing the new development concept, practices sustainable development, facilitates low-carbon operation and environmental protection and promotes carbon neutrality in its own business and at the operational level. In 2023, in order to implement its Carbon Neutrality Target and Action Plan, the Company accelerated the low-carbon transformation of its data centers, obtained a three-star green building design certification for the new Jinqiao Data Center, and continuously adopted energy-saving and emission reduction technologies to improve energy and resource efficiency and reduce greenhouse gas emissions.

## Section V Environmental and Social Responsibilities

In terms of green finance, the Company leveraged its financial expertise to support the development of green industries and green projects through various investment and financing methods with multiple channels and varieties. For green financing, in 2023, the Company underwrote 13 green bonds as the lead underwriter with an underwriting amount of RMB7.020 billion, helping 3 equity financing projects with an underwriting amount of RMB4.209 billion for green and low-carbon equity financing.

In terms of green investment, the Company and its subsidiaries adhered to the concept of value investment and responsible investment, implemented responsible investment strategies such as positive selection, negative exclusion, integration of ESG factors and Active Ownership, and incorporated ESG factors into investment business. As of the end of 2023, the Company invested a total of RMB3.958 billion in green bonds.

In terms of carbon finance, the Company became a licensed broker for carbon emission business, implemented the first transaction of carbon emission right, completed the first carbon quota transaction through listing trading on the Shanghai Environment and Energy Exchange, and implemented the first Shanghai carbon quota forward SHEAF transaction.

### II. WORK ON SOCIAL RESPONSIBILITIES

#### (i) Whether to disclose social responsibility report, sustainability report or ESG report separately

The Company is committed to providing high-quality comprehensive financial services under the concept of “Enjoying Beautiful Life” to create long-term value, make responsible investment, adopt a people-oriented approach and contribute to building a harmonious community, thereby creating sustainable and comprehensive value for stakeholders including shareholders, customers, employees, government and regulatory authorities, partners and environmental communities.

For details of the Company’s performance of social responsibility, please refer to the “2023 Sustainable Development Report of DFZQ” disclosed on the website of the SSE ([www.sse.com.cn](http://www.sse.com.cn)) and the “2023 Sustainability Report of DFZQ” disclosed on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on March 27, 2024.

## Section V Environmental and Social Responsibilities

### (ii) Details of work on social responsibilities

<b>External donations and public welfare items</b>	<b>Amount/content</b>	<b>Description</b>
Total investment (RMB'0000)	950	
Including: Funding (RMB'0000)	950	The Company donated RMB9.50 million to DFZQ Xindeyizhang Public Welfare Foundation for carrying out projects related to the preservation of Oriental cultural heritage and children's public welfare projects such as Xindeyizhang Art Classroom.
Number of beneficiaries (persons)	Approximately 4,000 people	

## Section V Environmental and Social Responsibilities

### III. INFORMATION ON CONSOLIDATING AND EXPANDING THE RESULTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION

Poverty alleviation and rural revitalization items	Amount/content	Description
Total investment (RMB'0000)	2,926.79	
Including: Funding (RMB'0000)	2,886.79	
Supplies (monetary value) (RMB'0000)	40.00	
Form of support (e.g. poverty alleviation through industry support, employment support and education support)		Industry assistance, financial assistance, public welfare assistance, knowledge assistance, ecological assistance, consumption assistance, cultural assistance, organizational assistance

#### Detailed description

As of the end of 2023, the Company and its subsidiaries had signed twinning assistance agreements with 38 areas, including Morin Banner in Inner Mongolia, Tongyu County in Jilin Province, Jingle County in Shanxi Province, Muchuan County in Sichuan Province, Wufeng County in Hubei Province, Yanchi County in Ningxia Province, Yanchang County in Shaanxi Province, Qin'an County in Gansu Province, Jinggu County in Yunnan Province, Lancang County in Yunnan Province, Menglian County in Yunnan Province, Nankang City in Jiangxi Province, Funing County in Yunnan Province, Suibin County in Heilongjiang Province, Maigaiti in Xinjiang, Tongbai County in Henan Province, Lindian County in Heilongjiang Province, Xichou County in Yunnan Province, Li County in Gansu Province, Neixiang County in Henan Province, Lankao County in Henan Province, Jinggangshan City in Jiangxi Province, Ruijin City in Jiangxi Province, Chenxi County in Hunan Province, Shimen County in Hunan Province, Anhua County in Hunan Province, Rucheng County in Hunan Province, Xupu County in Hunan Province, Quanzhou County in Guangxi Province, Anlong County in Guizhou Province, Shule County in Xinjiang, Qiongzong County in Hainan Province, Luding County in Sichuan Province, Shangdu County in Inner Mongolia, Tongjiang City in Heilongjiang Province, Raohe County in Heilongjiang Province, Mitun Village, Pulandian District in Liaoning Province and Nanxiong City in Guangdong Province, to carry out relevant tasks of rural revitalization.

In 2023, the Company actively carried out rural revitalization in twinning assistance areas mainly through industry assistance, financial assistance, education assistance, public welfare assistance, ecological assistance and cultural assistance.

## Section V Environmental and Social Responsibilities

For key projects, the Company successfully facilitated the implementation of key industry assistance projects such as “Orient Guniang” and “Dong Fang Hong Yi Black Tea”, and organically integrated the Company’s rural revitalization efforts with the concept of low-carbon operation and environmental protection. In particular, the Company made plan for “Orient Guniang” under the theme of “Sustainable Love” by using eco-friendly and renewable materials for both interior and exterior packaging together, and the “Good Life Manual” advocating green and low-carbon life was included in the box. The “Dong Fang Hong Yi Black Tea” combines the supporting project with the lifestyle concept of low-carbon and environmental protection to empower brand co-development with trendy and eco-friendly products. The outer packaging uses DuPont paper environmentally friendly bags, with two boxes of “Yi Black Tea” inside, in order to explore the green and sustainable lifestyle full of new ideas.

For internal and external promotion of projects, in the harvesting season of Guniang fruits, the Company coordinated with its partners to capture the opportunities from the harvest festival by carrying out livestreaming at the place of origin in Morin Banner which attracted over 50,000 viewers and sold products of over RMB30,000. We successfully attracted a large number of new customers, 80% of whom were customers purchasing the Orient Guniang fruits for the first time, providing opportunities for advertising agricultural products such as the Orient Guniang fruits, helping to promote local characteristic products to a wider market, also emphasizing the social responsibility of DFZQ and establishing a positive social image.

In 2023, DFZQ, the parent company, carried out 26 projects to consolidate poverty alleviation results and promote rural revitalization, including three industry assistance projects, 17 public welfare assistance projects, one knowledge assistance project, one ecological assistance project, two cultural assistance projects, one consumption assistance project and one financial assistance project, with total investment of approximately RMB9.6777 million, thereby continuously contributing to the sustainable development of the twinning assistance areas. Orient Futures, our subsidiary, actively fulfilled the mission of serving the real economy, continued to carry out rural revitalization work, and supported the development of agricultural industry and rural areas through “insurance + futures” and public welfare assistance projects with total investment of RMB19.5902 million, including RMB6.3946 million for public welfare assistance projects and RMB13.1956 million for “insurance + futures” professional assistance.

## Section VI Significant Events

### I. PERFORMANCE OF UNDERTAKINGS

#### (i) Undertakings by the Company's de facto controller, shareholders, related parties, acquirers, the Company and other parties during the Reporting Period or subsisting to the Reporting Period

Background of undertaking	Type of undertaking	Covenantor	Undertaking	Time of undertaking	Subject to expiry	validity period of undertaking	Timely and strictly performed	Reasons for failure to perform	Follow up plan for failure to perform timely
Undertakings in relation to initial public offering	To solve the problem of horizontal competition	Shenergy Group	Shenergy Group has issued the Commitment Letter of Avoiding horizontal competition to the Company and undertook that it and the companies and enterprises under its direct or indirect control would not participate in any form of business or operation that compete or might compete with the Company and its subsidiaries.	February 8, 2014	Yes	After the public offering and listing of A Shares of the Company	Yes	/	/

## Section VI Significant Events

Background of undertaking	Type of undertaking	Covenantor	Undertaking	Time of undertaking	Subject to expiry	validity period of undertaking	Timely and strictly performed	Reasons for failure to perform	Follow up plan for failure to perform timely
	To solve the problem of connected transactions	Shenergy Group	Shenergy Group and the companies and enterprises under its direct or indirect control will take every effort to avoid and regulate related party transactions with DFZQ and its subsidiaries; for those related party transactions that cannot be avoided or are necessary, the price of the related party transactions will be determined in accordance with the principles of fairness, openness and equity to ensure the fairness of the related party transactions. If Shenergy Group breaches the above undertaking to regulate related party transactions with the issuer, Shenergy Group shall cease to receive shareholders' dividends from the issuer from the date of the breach of the relevant undertaking and shall not transfer its shares in the issuer until the corresponding measures have been taken and implemented in accordance with the above undertaking; if the issuer or other investors suffer loss as a result of the failure to comply with the undertaking to regulate the related party transactions, compensation shall be made to the issuer or other investors in accordance with relevant laws.	February 8, 2014	Yes	After the public offering and listing of A Shares of the Company	Yes	/	/



## Section VI Significant Events

Background of undertaking	Type of undertaking	Covenantor	Undertaking	Time of undertaking	Subject to expiry	validity period of undertaking	Timely and strictly performed	Reasons for failure to perform	Follow up plan for failure to perform timely
Undertakings in relation to refinancing	Other	Shenergy Group	The undertaking regarding the effective implementation of the immediate return remedial measures for the Company's the Rights Issue. Shenergy Group has undertaken not to interfere with the Company's operation and management activities beyond its authority and not to embezzle the interests of the Company.	March 24, 2021	Yes	During the period when Shenergy Group remains as the largest shareholder	Yes	/	/

- (ii) There were no profit predictions for the Company's assets or projects during the Reporting Period.
- (iii) During the Reporting Period, the Company did not make undertakings on its results.

## Section VI Significant Events

- II.** DURING THE REPORTING PERIOD, THE COMPANY DID NOT PROVIDE ANY NON-COMPLIANCE GUARANTEE.
- III.** DURING THE REPORTING PERIOD, THERE WERE NO EXPLANATIONS OF THE BOARD OF THE COMPANY ON “NON-STANDARD AUDIT REPORT” OF ACCOUNTING FIRM OF THE COMPANY.
- IV.** At the end of 2022, the Ministry of Finance published the Interpretation of Accounting Standards for Business Enterprises No. 16, in which “the accounting treatment of the initial recognition exemption is not applicable to the deferred income tax related to assets and liabilities arising from individual transaction” came into effect on January 1, 2023. According to the above provisions, the Company is required to make corresponding changes to the accounting policies. The changes in accounting policies have no material impact on the financial statements of the Company.
- V.** DURING THE REPORTING PERIOD, THERE WERE NO CHANGES IN ACCOUNTING ESTIMATES OR CORRECTION OF MATERIAL ACCOUNTING ERRORS, AND THE COMPANY DID NOT COMMUNICATE WITH ITS PREVIOUS ACCOUNTING FIRM.

### VI. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Unit: '0000 Currency: RMB

#### Currently engaged

Name of the domestic accounting firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP	
Remuneration of the domestic accounting firm		119
Term of the audit services provided by the domestic accounting firm (year)		7
Name of certified public accountants of the domestic accounting firm	Shi Man, Ding Yi Qing	
Accumulated term of audit services by certified public accountants of the domestic accounting firm		7
Name of the overseas accounting firm	Deloitte Touche Tohmatsu	
Remuneration of the overseas accounting firm		119
Term of the audit services provided by the overseas accounting firm (year)		8

	Name	Remuneration
Accounting firm engaged for internal control audit	Deloitte Touche Tohmatsu Certified Public Accountants LLP	50

## Section VI Significant Events

### Explanations on appointment and dismissal of accounting firms

During the Reporting Period, as approved upon consideration at the Company's 2022 annual general meeting, the Company re-appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP as its domestic auditor for 2023, who was responsible for provision of relevant domestic audit services in relation to financial statements prepared in accordance with CASBE for a term of one year, with 2023 annual auditing fees for finance and special supervision report of RMB1.19 million. The Company also re-appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP as its internal control auditor for 2023, with internal control auditing fees of RMB0.50 million. The Company re-appointed Deloitte Touche Tohmatsu as the Company's overseas auditor for 2023 for a term of one year, who was responsible for provision of relevant audit and review services in relation to financial statements prepared in accordance with IFRS, with 2023 annual auditing fees of RMB1.19 million and interim reviewing fees of RMB0.93 million. Deloitte Touche Tohmatsu Certified Public Accountants LLP provides auditing services to subsidiaries of the Group, and the auditing fees in total amounted to RMB3.3283 million.

During the Reporting Period, the Company did not change its accounting firm during the audit period, nor did the Board disagreed with the opinion of the Audit Committee on the selection and appointment of external auditors.

### Accounting firm appointed by the Company in the past three years

	2022	2021	2020
Name of domestic accounting firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP	Deloitte Touche Tohmatsu Certified Public Accountants LLP	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Name of overseas accounting firm	Deloitte Touche Tohmatsu	Deloitte Touche Tohmatsu	Deloitte Touche Tohmatsu

**VII.** During the Reporting Period, the Company was not exposed to the risk of delisting.

**VIII.** During the Reporting Period, the Company experienced no bankruptcy or restructuring related matters.

## Section VI Significant Events

### IX. MATERIAL LITIGATIONS AND ARBITRATIONS

During the Reporting Period, the Company was not involved in any material litigation or arbitration that involves claims of over RMB10 million and accounting for more than 10% of the absolute value of the Company's net assets as audited in the latest financial statements, which shall be disclosed in accordance with the requirements under the SSE Listing Rules. The Company did not have matters commonly questioned by media during the Reporting Period.

#### 1. Existing litigations and arbitrations

As of the end of the Reporting Period, the existing major litigations and arbitrations (representing more than 90% of the total litigation and arbitration of the Company) in which the Company is involved are as follows:

Plaintiff	Defendant	Category of the litigation and arbitration	Reason	Amount involved	Progress
DFZQ	Shanghai Yutai Dengshuo Investment Center (Limited Partnership) (上海郁泰登碩投資中心(有限合夥)) and the guarantors, being Shanghai Fuxing Industrial Group Co., Ltd. (上海阜興實業集團有限公司) and Shanghai Yutai Investment Management Co., Ltd. (上海郁泰投資管理有限公司)	Litigation	Shanghai Yutai Dengshuo Investment Center (Limited Partnership) conducted the share collateralized repurchase transaction with the Company by the restricted shares of "Blivex (保力新)" (formerly known as "Jianrui Woneng (堅瑞沃能)") held by it in September 2016 and Shanghai Fuxing Industrial Group Co., Ltd. and Shanghai Yutai Investment Management Co., Ltd. provided the joint guarantee. The above-mentioned transaction has been in default.	Principal of RMB170 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid.	According to the enforcement certificates issued by the notary public's office to Yutai Dengshuo and Fuxing Industrial, the case was filed with enforcement procedure in Shanghai No.2 Intermediate People's Court in August 2018. By early 2020, partial repayment was enforced through the courts. In March 2020, the Company filed a lawsuit against Shanghai Yutai Investment Management Co., Ltd. (上海郁泰投資管理有限公司), the guarantor, in the Shanghai Financial Court in respect of the disposal of the underpaid part of the pledged shares. Due to the involvement of the principal debtors, Yutai Dengshuo and Fuxing Industrial, in other cases, the Shanghai Financial Court has adjourned the hearing of the Yutai Investment guarantee contract litigation. In June 2023, the guarantee contract litigation was assigned to the Jing'an District Court. In August 2023, the Company went to the Jing'an Court to have a conversation and sign a written record, and expressed our hope to the court for getting a judgment as soon as possible.

## Section VI Significant Events

Plaintiff	Defendant	Category of the litigation and arbitration	Reason	Amount involved	Progress
DFZQ	Zhuhai Zhongzhu Group Co., Ltd. (珠海中珠集團股份有限公司) and Zhuhai S.E.Z. Dezheng Group Co., Ltd. (珠海經濟特區德正集團有限公司), the guarantor	Litigation	Zhuhai Zhongzhu Group Co., Ltd. conducted the share collateralized repurchase transaction with the Company by the shares of "ST Zhongzhu (ST 中珠)" (formerly known as "Zhongzhu Medical (中珠醫療)") held by it since November 2017, which was guaranteed by Zhuhai S.E.Z. Dezheng Group Co., Ltd. with its immovable assets. The above-mentioned transaction has been in default.	Principal of RMB461 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid.	In April 2021, the lawsuit was filed in the Shanghai Financial Court. In February 2022, a favorable first instance judgment was received. In May 2022, the defendant applied for an appeal. In September 2022, the Shanghai High Court delivered the second instance judgment, which upheld the original judgment. In November 2022, the enforcement case was accepted by the Shanghai Financial Court. In addition, the guarantor applied to the Shanghai High Court for a retrial. In January 2023, the Shanghai High Court ruled to reject the guarantor's application for retrial. In April 2023, the disposal of all the pledged shares on the new bulk trading platform was completed, and in June 2023, the Company received the enforcement payment. In August 2023, the guarantor mortgaged the property for listing and auction. In October 2023, the first auction of the property failed. In November 2023, the Company received the cash dividend of pledged shares withheld by the court. In the same month, the second auction of the property failed, and then the court issued an announcement on the sale of the mortgaged property, which shall be sold from December 2023 to February 2024.

## Section VI Significant Events

Plaintiff	Defendant	Category of the litigation and arbitration	Reason	Amount involved	Progress
DFZQ	Xu Wei and Teng Yingqi, the guarantor	Litigation	Xu Wei conducted the share collateralized repurchase transaction with the Company by the shares of "R Tensyn (R 騰信 1)" (formerly known as "Tensyn (騰信 股份)") held by him since September 2017 and Teng Yingqi provided the joint guarantee for the transaction. The above-mentioned transaction has been in default.	Principal of RMB483 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid.	In May 2021, the lawsuit was filed in the Shanghai Financial Court. In June 2022, a favorable first instance judgment was received. In July 2022, the guarantor appealed and in August 2022, the Shanghai High Court accepted the guarantor's appeal, after which the Company signed a letter of intent for settlement with the counterparties and the Shanghai High Court subsequently ruled to allow the withdrawal of the appeal and the first instance judgment came into effect. In September 2022, the enforcement case was accepted by the Shanghai Financial Court. In November 2022, the Company signed an enforcement settlement agreement with the counterparties under the auspices of the Shanghai Financial Court. In December 2022, the counterparties confirmed that they were unable to perform the agreement and the Company subsequently filed an application with the Shanghai Financial Court for resumption of enforcement and judicial auction, together with an application for restriction on large spending, inclusion in list of defaulted executes and other measures against Xu Wei and Teng Yingqi. In June 2023, the first auction failed. However, due to delisting of shares, the case will continue after completing the board transfer. In July 2023, the court ruled to terminate the enforcement procedure, and the application for the resumption of enforcement was made upon the completion of the board transfer. In September 2023, the board transfer of shares of "R Tensyn 1 (R 騰信 1)" completed the board transfer and were listed for trading on September 8. Subsequently, the Company submitted application materials for resumption of enforcement to the Shanghai Financial Court. In October 2023, the enforcement of this case was resumed. In December 2023, we received the enforcement ruling on the pledged shares which have been disposed of.

## Section VI Significant Events

Plaintiff	Defendant	Category of the litigation and arbitration	Reason	Amount involved	Progress
DFZQ	Zeng Zhuo	Litigation	Zeng Zhuo conducted the share collateralized repurchase transaction with the Company by the shares of "Xinning Logistics (新寧物流)" held by him since July 2016. The above-mentioned transaction has been in default.	Principal of RMB166 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid.	<p>In respect of the notarized transactions, according to the enforcement certificates issued by the notary public's office to Zeng Zhuo, the case was filed with enforcement procedure in Suzhou Kunshan District Court in November 2021. In May 2022, the Kunshan Court negotiated with the Guangdong Jiangmen Intermediate Court (the first sealing court for the pledged shares) for the transfer of the right of disposal. In September 2022, the Kunshan Court obtained the right of disposal of the pledged shares. In November 2022, the Kunshan Court ruled to sell the pledged shares by auction. In December 2022, the auction was completed. From June to December 2023, the court successively granted a portion of enforcement payment to the Company.</p> <p>In respect of the unnotarized transactions, in November 2021, an application was filed with the Shenzhen Futian District Court to realise the security interest. In January 2022, the court ruled that the pledged shares be sold by auction and the Company has priority in repayment with the auction proceeds. In May 2022, the application for enforcement against Zeng Zhuo for realisation of security interest was filed with the Kunshan Court, and shall be handled together with the above case of enforcing the notarized debt instruments.</p>

## Section VI Significant Events

Plaintiff	Defendant	Category of the litigation and arbitration	Reason	Amount involved	Progress
DFZQ	Shanghai Zhonglu (Group) Co., Ltd. (上海中路(集團)有限公司)	Litigation	Shanghai Zhonglu (Group) Co., Ltd. conducted the share collateralized repurchase transaction with the Company by the shares of "Zhonglu Share (中路股份)" held by it since November 2014. The above-mentioned transaction has been in default.	Principal of RMB599 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid.	<p>Two cases were filed due to different versions of the master transaction agreement:</p> <p>The lawsuit of the transaction under the old version of the master agreement was filed in the Shanghai Financial Court in November 2021. In August 2022, the court ruled in favour of the Company in the first instance judgment. The counterparty appealed in September. In October, a second instance case was accepted by the Shanghai High Court, which was heard in November. In January 2023, the Shanghai High Court delivered the second instance judgment, which upheld the original judgment and dismissed the appeal. In February 2023, the case was filed with the Shanghai Financial Court for enforcement. From June to September 2023, after disposals through new bulk platform for three times, most of the pledged shares were disposed of, and there was fractional share remaining. The Company has submitted an application for debt set-off to the court. In December 2023, the debt set-off ruling on the remaining fractional share was received and the transfer was completed, and a portion of enforcement payment granted by the court was received.</p> <p>The lawsuit of the transaction under the new version of the master agreement was filed in the Shanghai Huangpu District Court in November 2021. The case was formally filed in March 2022 and the court ruled in favour of the Company in the first instance judgment in November. The counterparty appealed subsequently; as the debtor failed to pay the appeal fee and filed an application for withdrawal of the appeal, in March 2023, the Shanghai Financial Court issued a ruling to allow the withdrawal of the appeal and the judgment of the first instance became effective. In April 2023, a case was filed with the Huangpu Court for enforcement. The pledged shares were listed for auction in two batches in October and December 2023, both of which were successful auctions, and two batches of enforcement payments from the auction transactions of the pledged shares were received at the end of December.</p>



## Section VI Significant Events

Plaintiff	Defendant	Category of the litigation and arbitration	Reason	Amount involved	Progress
DFZQ	Dunhua Kangping Investment Co., Ltd. (敦化市康平投資有限責任公司)	Litigation	Dunhua Kangping Investment Co., Ltd. conducted the share collateralized repurchase transaction with the Company by the shares of "Zixin 3" (formerly known as "Zixin Pharmaceutical (紫鑫藥業)") held by it since September 2016. The above-mentioned transaction has been in default.	Principal of RMB239 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid.	The lawsuit was filed in the Shanghai Financial Court in March 2022 and was heard in September 2022. In November 2022, the Shanghai Financial Court organized an online supplementary hearing. In January 2023, a judgment in favor of the Company was received. In March 2023, the Shanghai Financial Court accepted the filing for execution. In October 2023, the appraisal agency for the pledged shares was determined. In December 2023, the appraisal agency issued a valuation report for the pledged shares, and the Company submitted an application for spin-off auction to the court. The case is still in the process of enforcement.
DFZQ	Xinjiang Maiquer Group Co., Ltd. (新疆麥趣爾集團有限責任公司) and Xinjiang Hengjia Property Co., Ltd. (新疆恒佳房地產開發有限公司), the guarantor	Litigation	Xinjiang Maiquer Group Co., Ltd. conducted the share collateralized repurchase transaction with the Company by the shares of "Maiquer (麥趣爾)" held by it since March 2015, which was guaranteed by Xinjiang Hengjia Property Co., Ltd. (新疆恒佳房地產開發有限公司) with its immovable assets. The above-mentioned transaction has been in default.	Principal of RMB303 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid.	The lawsuit was filed in the Shanghai Financial Court in August 2022 and was originally scheduled to be heard by the court in December 2022 but was subsequently cancelled due to the jurisdictional objection filed by both defendants and is currently pending the court's decision on the jurisdictional objection. In February 2023, the Company received a ruling from the Shanghai Financial Court dismissing the jurisdictional objection. Subsequently, the guarantor filed an appeal regarding the jurisdictional objection. In April 2023, the Shanghai High Court ruled to dismiss the jurisdictional objection appeal. In May 2023, the trial of the first instance was heard. In July 2023, the court ruled in favour of the Company in the first instance judgment. The counterparty appealed in August 2023. In September 2023, a second instance judgment was filed in Shanghai High Court. In November 2023, the second instance was heard and a second instance judgment was received at the end of November: the appeal was dismissed, upholding the original judgment, and the first instance judgment has come into effect. In December 2023, the case was filed with enforcement procedure.

## Section VI Significant Events

Plaintiff	Defendant	Category of the litigation and arbitration	Reason	Amount involved	Progress
DFZQ	Qingdao Yaxing Industry Co., Ltd. (青島亞星實業有限公司)	Litigation	Qingdao Yaxing Industry Co., Ltd. conducted the share collateralized repurchase transaction with the Company by the shares of “R Capstone 1 (“R大通1”) (formerly known as “Shenzhen Capstone (深大通)”)” held by it since March 2016. The above-mentioned transaction has been in default.	Principal of RMB653 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid.	According to the enforcement certificates issued by the notary public's office to Qingdao Yaxing, an enforcement case was filed in the Shenzhen Intermediate Court in August 2022. In October 2022, the Shenzhen Intermediate Court issued a disposal ruling. In November 2022, Qingdao Yaxing filed an objection to the enforcement, after which the court agreed the Company to continue to enforcement on the guarantee provided by the Company on its own credit. In January 2023, the pledged shares were listed for auction. In February 2023, the first auction of the pledged shares failed. In June 2023, the court ordered a second auction of the pledged shares. Subsequently, the second auction of the pledged shares failed. In July 2023, the Shenzhen Intermediate Court ruled to terminate the enforcement procedure, and subsequently the application for resumption of enforcement will be made upon the completion of the board transfer.
DFZQ	Jiang Jian	Litigation	Jiang Jian conducted the share collateralized repurchase transaction with the Company by the shares of “R Capstone 1 (“R大通1”) (formerly known as “Shenzhen Capstone (深大通)”)” held by it since June 2016. The above-mentioned transaction has been in default.	Principal of RMB261 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid.	According to the enforcement certificates issued by the notary public's office to Jiang Jian, an enforcement case was filed in the Shenzhen Intermediate Court in September 2022. In November 2022, the court negotiated with the Qingdao Intermediate Court (the first sealing court for the pledged shares) for the transfer of the right of disposal. In January 2023, the Shenzhen Intermediate Court obtained the right of disposal of the pledged shares. In December 2023, the Court ruled to terminate the enforcement procedure as the pledged shares were still at the evaluation stage and could not be disposed of and there were no property clues available for enforcement. Subsequently, the application for resumption of execution will be made upon the completion of the board transfer.

## Section VI Significant Events

Plaintiff	Defendant	Category of the litigation and arbitration	Reason	Amount involved	Progress
DFZQ	Zhu Lanying	Litigation	Zhu Lanying conducted the share collateralized repurchase transaction with the Company by the shares of “R Capstone 1 (R大通1)” (formerly known as “Shenzhen Capstone (深大通)”) held by it since March 2016. The above-mentioned transaction has been in default.	Principal of RMB346 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid.	According to the enforcement certificates issued by the notary public's office to Zhu Lanying, an enforcement case was filed in the Shenzhen Intermediate Court in September 2022. In January 2023, the transfer of shares first seized by the Qingdao Shinan Court was completed. In February 2023, it was informed that the shares first sealed by the Pudong Court could not be transferred temporarily as the case of first sealing had not yet entered the enforcement stage. In November 2023, the Court ruled to terminate the enforcement procedure as the pledged shares were still at the evaluation stage and could not be disposed of and there were no property clues available for enforcement. Subsequently, the application for resumption of execution will be made upon the completion of the board transfer.
DFZQ	Shanxi Shengnong Investment Co., Ltd. (山西盛農投資有限公司) and Ren Yongqing, the guarantor	Litigation	Shanxi Shengnong Investment Co., Ltd. conducted the share collateralized repurchase transaction with the Company by the shares of “Goody Sci-Tech (顧地科技)” held by it since September 2016 and Ren Yongqing provided the joint guarantee for the transaction. The above-mentioned transaction has been in default.	Principal of RMB215 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid.	The lawsuit was filed in the Shanghai Financial Court in November 2022. In February 2023, the trial of the first instance was heard. In May 2023, the judgment of the first instance in favour of the Company was received. Subsequently, the guarantor appealed to the Shanghai High Court, and the second instance was accepted by the Shanghai High Court in July. In September 2023, the Guarantor submitted an application for extension of the trial period to the Shanghai High Court. At the end of November, the guarantor applied to the Shanghai High Court for withdrawal of the appeal. In December, the Company received the second instance ruling from the Shanghai High Court, which ruled that the guarantor was allowed to withdraw the appeal, and the first instance judgment came into effect. At present, the Company has applied to the court for compulsory enforcement.

## Section VI Significant Events

Plaintiff	Defendant	Category of the litigation and arbitration	Reason	Amount involved	Progress
DFZQ	Li Zongsong	Litigation (against the guarantor)	Xinyi Bikang New Pharmaceutical Industry Complex Investment Co., Ltd., the debtor, conducted the share collateralized repurchase transaction with the Company by the shares of "Bikang 3 (必康3)" (formerly known as "Bikang Share (必康股份)") held by it since March 2016 and Li Zongsong provided the joint guarantee for the transaction. The above-mentioned transaction has been in default.	Principal of RMB199 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid.	In June 2023, the lawsuit was filed in the Xi'an Intermediate Court and was heard in November 2023. Currently, the judgment of the court is pending.
DFZQ	Li Zongsong	Litigation (against the guarantor)	Shaanxi Beidu New Material Technology Co., Ltd., the debtor, conducted the share collateralized repurchase transaction with the Company by the shares of "Bikang 3 (必康3)" (formerly known as "Bikang Share (必康股份)") held by it since April 2016 and Li Zongsong provided the joint guarantee for the transaction. The above-mentioned transaction has been in default.	Principal of RMB86 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid.	In June 2023, the lawsuit was filed in the Shanghai Financial Court and was heard in October 2023. In December 2023, the court ruled in favour of the Company in the first instance judgment, and then the Shanghai Financial Court delivered the first instance judgment to Li Zongsong and Shaanxi Beidu (陝西北度), with an announcement period of 30 days.
DFZQ	Nantong Qiyi Investment Co., Ltd. (南通琦藝投資有限公司)	Litigation	Nantong Qiyi Investment Co., Ltd. conducted the stock-pledged repurchase transaction with the Company with the shares of "R Global 1 (R環球1)" (formerly known as "Shangying Global (商贏環球)") held by it since October 2016. The above-mentioned transaction has been in default.	Principal of RMB256 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid.	According to the enforcement certificates issued by the notary public's office to Nantong Qiyi, an enforcement case was filed in the Shanghai Financial Court in December 2023.
DFZQ	Nantong Hongxiang Equity Investment Partnership (Limited Partnership) (南通泓翔股權投資合夥企業(有限合夥))	Litigation	Nantong Hongxiang Equity Investment Partnership (Limited Partnership) conducted the stock-pledged repurchase transaction with the Company with the shares of "R Global 1 (R環球1)" (formerly known as "Shangying Global (商贏環球)") held by it since October 2016. The above-mentioned transaction has been in default.	Principal of RMB117 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid.	According to the enforcement certificates issued by the notary public's office to Nantong Hongxiang, an enforcement case was filed in the Shanghai Financial Court in December 2023.
DFZQ	Jiangsu Caihao Investment Co., Ltd. (江蘇彩浩投資有限公司)	Litigation	Jiangsu Caihao Investment Co., Ltd. conducted the stock-pledged repurchase transaction with the Company with the shares of "R Global 1 (R環球1)" (formerly known as "Shangying Global (商贏環球)") held by it since October 2016. The above-mentioned transaction has been in default.	Principal of RMB267 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid.	According to the enforcement certificates issued by the notary public's office to Jiangsu Caihao, an enforcement case was filed in the Shanghai Financial Court in December 2023.

## Section VI Significant Events

### 2. Closed litigations and arbitrations

The closed litigations and arbitrations by the Company in the first half of 2023 are detailed in the Company's 2023 Interim Report, and the closed litigations and arbitrations in the second half of 2023 are as follows:

Plaintiff	Defendant	Category of the litigation and arbitration	Reason	Amount involved	Progress
DFZQ	Beijing Wutong Xiangyu Investment Co., Ltd. (北京市梧桐翔宇投资有限公司)	Litigation	Beijing Wutong Xiangyu Investment Co., Ltd. conducted the share collateralized repurchase transaction with the Company by the shares of "DEA Delisted (德奥退)" (formerly known as "DEA General Aviation (德奥通航)"), held by it in August 2016. The above-mentioned transaction has been in default.	Principal of RMB124 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid.	In July 2019, the lawsuit was filed in the Shanghai Financial Court and in May 2020, the first instance judgment was rendered in favour of the Company and the other party did not appeal. In July, the case was filed with enforcement procedure in the Shanghai Financial Court and the court made a ruling of termination of enforcement in November 2020 as it was unable to determine when the listed company would resume trading, and in January 2021, the Company applied for renewal of freezing of the shares involved. In March 2022, an application was made to the Shanghai Financial Court for resumption of enforcement. Due to the litigation dispute between the "DEA Delisted" and the Shenzhen Stock Exchange, the stock transfer company has not yet dealt with shares transfer matters, and Shanghai Financial Court has not resumed the enforcement.
DFZQ	Beijing Dongfang Junsheng Investment Co., Ltd. (北京东方君盛投资有限公司) and its guarantors Feng Biao and Gao Zhonglin	Litigation	Beijing Dongfang Junsheng Investment Co., Ltd. conducted the share collateralized repurchase transaction with the Company by the shares of "Hainan Yedao (海南椰岛)" held by it in September 2017 and Feng Biao and Gao Zhonglin provided joint guarantee for the transaction. The above-mentioned transaction has been in default.	Principal of RMB425 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid.	In November 2019, the lawsuit was filed in the Shanghai Financial Court and in February 2021, a judgment of first instance was rendered. The debtor then appealed and the Shanghai High Court issued a second instance judgment in July 2021, upholding the original judgment. The Company applied for enforcement in October 2021. As the pledged shares have been subject to a realization measure by the Guiyang Intermediate Court, which has obtained the right of disposal, the Company applied through the Shanghai Financial Court to the Guiyang Intermediate Court for participation in the distribution. From September 2021 to November 2023, after the enforcement by the Guiyang Intermediate Court, the Company successively applied for priority repayment of the realization of share and participated in the distribution through disposal and auction of pledged shares, and the amount of creditor's rights in this case has been fully recovered. The case was closed.

## Section VI Significant Events

Plaintiff	Defendant	Category of the litigation and arbitration	Reason	Amount involved	Progress
DFZQ	Guo Xiansheng	Litigation	Guo Xiansheng conducted the share collateralized repurchase transaction with the Company by the shares of "Linzhou Heavy Machinery (林州重機)" held by him since May 2015. The above-mentioned transaction has been in default.	Principal of RMB358 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid.	In August 2022, two cases were filed for transactions under different versions of the agreement, and the lawsuits were filed in the Shanghai Financial Court, and were heard together in November 2022. In February 2023, the court organized mediation and issued the civil settlement letter. From February to November 2023, Guo Xiansheng repaid all the debts under the civil settlement letter on time, and the case was closed.
DFZQ	Wang Baixing	Litigation	Wang Baixing conducted the share collateralized repurchase transaction with the Company by the shares of "ST Zhongli (ST中利)" (formerly known as "Zhongli Technology (中利科技)") held by him since September 2013. The above-mentioned transaction has been in default.	Principal of RMB517 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid.	According to the enforcement certificates issued by the notary public's office to Wang Baixing, an enforcement case was filed in the Suzhou Intermediate Court in September 2022. In December 2022, the Suzhou Intermediate Court obtained the right of disposal of the pledged shares. In February 2023, the Suzhou Intermediate Court formally accepted the pre-reorganization of listed company Zhongli Group. From May to November 2023, the court auctioned 2 residences under the name of Wang Baixing and the property auction proceeds was distributed to the Company; the Court listed the pledged shares in two batches, and certain shares have been auctioned and paid back. After the remaining pledged shares were not auctioned in the first and second auctions, the Suzhou Intermediate Court issued a ruling on debt repayment with Shares and the relevant transfer was completed; a bank deposit of Wang Baixing was deducted by the Court and released to the Company. The case was closed.

## Section VI Significant Events

Plaintiff	Defendant	Category of the litigation and arbitration	Reason	Amount involved	Progress
DFZQ	You Jianming	Litigation	You Jianming conducted the share collateralized repurchase transaction with the Company by the shares of “ST Mingcheng (‘ST明誠’)” (formerly known as “DDMC (當代明誠)”), held by him in July 2016. The above-mentioned transaction has been in default.	Principal of RMB67 million and interest, default penalty, and other expenses for the realization of creditors’ rights are payable but unpaid.	According to the enforcement certificates issued by the notary public’s office to You Jianming, an enforcement case was filed in the Beijing Chaoyang District Court in March 2023, after which the two properties pledged by You Jianming to the Company were frozen according to the Company’s request. In June 2023, two properties were listed for auction and sold in July. In August 2023, the handover and transfer of the auctioned properties were completed. In September 2023, the property execution payment and the final ruling were received. The case was closed.
DFZQ	Yunnan Jiutian Investment Holding Group Co., Ltd. (雲南九天投資控股集團有限公司)	Litigation	Through the “Dongwu-Pingan-Dongfang No. 5 Targeted Asset Management Plan”, Yunnan Jiutian Investment Holding Group Co., Ltd. conducted the share collateralized repurchase transaction with the Company by the shares of “Yijian 3 (易見3)” (formerly known as “Yijian Share (易見股份)”) held by it since October 2016. The above-mentioned transaction has been in default.	Principal of RMB428 million and interest, default penalty, and other expenses for the realization of creditors’ rights are payable but unpaid.	In September 2021, the lawsuit was filed in the Shanghai Financial Court. In March 2022, the judgement of the first instance in favour of the Company was received. The case was filed with enforcement procedure in Shanghai Financial Court in May 2022. In August 2022, the Shanghai Financial Court obtained the right of disposal of pledged shares. In addition, the court disposed of other properties in the name of the party subject to enforcement in the second half of 2022. For the pledged shares, the court proposed to re-assess for auction due to the delisting of Yijian Share. In August 2023, the pledged shares were re-listed for auction and failed to be sold at the first auction in October and at the second auction in November. The Company then applied to the court for debt repayment with Shares. In December 2023, the Shanghai Financial Court made a ruling on debt repayment with Shares and entrusted the Beijing Court to handle the transfer for debt repayment. As there are no other property available for enforcement, the Company has applied to the court for the termination of this execution procedure.

## Section VI Significant Events

### X. VIOLATION OF LAWS AND REGULATIONS BY, PUNISHMENT ON AND RECTIFICATION OF THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

The Company has no controlling shareholders or de factor controllers. During the Reporting Period, save as disclosed below, the Company and its Directors, Supervisors and senior management were not investigated by competent authorities, taken compulsory measures by judicial organs or discipline inspection departments, transferred to judicial authorities or investigated for criminal responsibilities, filed for investigation or administrative punishment by CSRC, banned from the market, recognised as inappropriate candidates, given major administrative punishment by other administrative departments such as environmental protection, safety supervision and taxation departments, or publicly condemned by stock exchanges.

During the Reporting Period, the Company was subject to administrative and regulatory measures taken by the CSRC as follows:

On February 6, 2023, the Jiangsu Bureau of the CSRC issued the Decision on the Issuance of Warning Letter for Administrative and Regulatory Measures to the Changzhou Business Outlet of Orient Securities Futures Co., Ltd. to the Changzhou Business Outlet of Orient Futures, a wholly-owned subsidiary of the Company. The above regulatory letter determined that the person in charge of the Changzhou Business Outlet of Orient Futures, had breached the regulations regarding concurrent employment during his term of office, which reflected deficiencies in the internal control of the business outlet and violated the provisions of Article 56 of the Administrative Measures for Supervision of Futures Companies (CSRC Order No. 155). The leaders of the Company attached great importance to the above non-compliance matters. Changzhou Business Outlet immediately confirmed the relevant issues and took rectification measures, and the person in charge of Changzhou Business Outlet has ceased to concurrently work for relevant company. Moreover, in order to improve the accuracy of internal self-inspection, Orient Futures engaged a background investigation company to conduct an accurate search on the external employment of the persons in charge of the branches based on their information, so as to avoid the recurrence of similar situations. Changzhou Business Outlet will also implement the daily management of person in charge of branch in accordance with the Administrative Measures for the Employment of Directors, Supervisors and Senior Management of Futures Companies and the Administrative Measures for the Employment of Persons in Charge of Branches of Orient Securities Futures Co., Ltd.. On February 21, 2023, Changzhou Business Outlet of Orient Futures submitted a written rectification report to the Jiangsu Bureau of the CSRC and the rectification was accepted by Jiangsu Bureau of the CSRC. Changzhou Business Outlet of Orient Futures will further strengthen the awareness of compliant operation, enhance internal control management, and effectively improve business compliance and risk management.

In addition, the Company noticed on July 13, 2023 through the website of the Shanghai Municipal Supervision Committee of the Shanghai Municipal Disciplinary Inspection Commission of the Communist Party of China (中共上海市紀律檢查委員會上海市監察委員會) that Mr. Cheng Feng, a non-executive Director of the Company, is alleged to have seriously violated disciplines and laws, and is subject to disciplinary inspection and supervisory investigation by the Shanghai Municipal Supervision Committee of the Disciplinary Inspection Commission (上海市紀委監委). On August 18, 2023, the Company held the 2023 first extraordinary general meeting, at which the Company considered and approved that Mr. Cheng Feng would cease to serve as a non-executive Director of the Company.



## Section VI Significant Events

### XI. EXPLANATIONS ON CREDIT WORTHINESS OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

The Company's largest shareholder is Shenergy Group. During the Reporting Period, the Company maintained excellent creditworthiness and there were no cases such as non-performance of an effective court judgment or any large obligation or liability remaining unpaid passed their maturity date.

### XII. MATERIAL RELATED PARTY TRANSACTIONS

#### (i) Related party transactions related to daily operation

During the Reporting Period, the Group had no significant related party transactions and there were no non-operating related credits and debts.

#### 1.1 *Continuing related party/connected transactions between the Group and Shenergy Group and its related companies*

Reference is made to the announcement of the Company dated March 30, 2021 in relation to the continuing connected transactions. The Company entered into the continuing connected transaction framework agreement with Shenergy Group on March 30, 2021 in relation to the Company and its subsidiaries and Shenergy Group and its associates for a term commencing on January 1, 2021 and ending on December 31, 2023. As at the date of this report, Shenergy Group holds approximately 26.63% of the issued share capital of the Company. According to Rule 14A.07(1) of the Hong Kong Listing Rules, Shenergy Group and its related companies are connected persons of the Company. During the Reporting Period, the Company carried out related/connected transactions in strict compliance with the "Proposal regarding the projected routine related-party transactions of the Company in 2023" considered and approved at the 2022 annual general meeting and the "Resolution on the Signing of the 2021-2023 Connected Transaction Framework Agreement with Shenergy (Group) Company Limited" considered and approved at the second meeting of the fifth session of the Board, and relevant terms are fair and reasonable and in the interest of the listed issuer and its shareholders as a whole. The relevant implementation is set out in the following table:

## Section VI Significant Events

Unit: 0'000 Currency: RMB

Types of transaction	Items of transaction	Brief description of related business or matters	Related party/ connected person	Projected amount	Actual amount
Securities and financial services	Fee and commission income	The Company charges fees and commissions for providing services such as trading of securities and futures on their behalf, securities underwriting, financial advisory and other services.		15,000.00	605.60
	Interest expense	The Company pays interest on the deposits from clients for providing services such as trading of securities and futures on their behalf and other services.	Shenergy and its related companies	1,500.00	5.43
Purchase of goods and receiving of services	Business and management fee	The Company receives its services such as property management and gas supply.		5,000.00	1,931.06

*Note:* In 2023, the related-party/connected transactions between the Company and Shenergy Group and its related companies accounted for a small proportion of the Company's similar transactions.

## Section VI Significant Events

### 1.2 Related party transactions between the Group and other related parties

During the Reporting Period, the Company carried out connected transactions in strict compliance with the annual transaction amount caps stipulated in the “Proposal on Estimation for the Company’s 2023 Daily Related Transactions” reviewed and approved at the 2022 annual general meeting. The relevant implementation is set out in the following table:

Unit: 0’000 Currency: RMB

Items of transaction	Related party	Brief description of related business or matters	Projected amount	Actual amount
Fee and commission income	China Universal Asset Management Company Limited	The Company charges fees and commissions for providing services	Subject to the actual amount due to	11,555.56
	Great Wall Fund Management Co., Ltd.	such as securities futures	unpredictable	843.76
	Haitong Securities Co., Ltd.	brokerage, financial advisory, securities	transaction volume.	657.04
	Shanghai Jinqiao Export Processing Zone Development Co., Ltd.	underwriting, and other		33.33
	Luoyang Guohong Investment Holdings Group Co., Ltd.	services to related parties.		24.49
	Huatai Baoxing Fund Management Co., Ltd.			15.22
	China Pacific Property Insurance Co., Ltd.			3.32
Interest income	Related/connected natural person			0.99
	Chengtay Financial Leasing (Shanghai) Co., Ltd.	The Company holds the bonds issued by the related parties and earns interest income for the corresponding period.	Subject to the actual amount due to	413.38
	Haitong Securities Co., Ltd.		unpredictability of size and term of bonds.	144.69

## Section VI Significant Events

Items of transaction	Related party	Brief description of related business or matters	Projected amount	Actual amount
Investment income	Great Wall Fund Management Co., Ltd.	The Company obtained investment income from transactions of securities, funds, insurance and other products issued by the related parties.	Subject to the actual amount due to unpredictability of size and yields of securities and other products.	1,890.55
	China Securities Credit Investment Co., Ltd.			1,242.33
	China Zheshang Bank Co., Ltd.			553.49
	Chengtay Financial Leasing (Shanghai) Co., Ltd.			124.31
	Shanghai Tongji Science & Technology Industrial Co., Ltd.			2.01
	Shanghai Zhenhua Heavy Industries Co., Ltd.			-0.26
	China Pacific Property Insurance Co., Ltd.			-0.63
	China Pacific Insurance (Group) Co., Ltd.			-2.34
	Shanghai XinHua Media Co., Ltd.			-2.38
	Haitong Securities Co., Ltd.			-2.43
	Orient Fortune Information Co., Ltd.			-3.52
	China Universal Asset Management Company Limited			-19.79
Fee and commission expenses	China Zheshang Bank Co., Ltd.	The Company pays fees and commission expenses for receiving services such as products distribution and other services from related parties.	Subject to the actual amount due to unpredictable transaction volume.	42.83
	Haitong Securities Co., Ltd.			11.76
Interest expenses on the margins of clients	Luoyang Guohong Investment Holdings Group Co., Ltd.	The Company pays interest on the deposits from clients for providing services such as securities futures brokerage and other services to related parties or pays interest on borrowings.	Subject to the actual amount due to unpredictability of the scale of the customer fund.	1.36
	China Universal Asset Management Company Limited			0.46
	Shanghai Shangbao Asset Management Co., Ltd.			0.27
	Chengtay Financial Leasing (Shanghai) Co., Ltd.			0.13
	Zheneng Capital Holdings Limited			0.11
Related/connected natural person	0.58			

## Section VI Significant Events

Items of transaction	Related party	Brief description of related business or matters	Projected amount	Actual amount
Insurance expenses	China Pacific Property Insurance Co., Ltd.	The Company pays insurance fees for purchase of liability insurances and other insurances from related parties for Directors, Supervisors, and senior management.	Subject to the actual amount due to unpredictability of purchase of insurance type, time and amount.	72.21
Securities trading	China Universal Asset Management Company Limited Great Wall Fund Management Co., Ltd. China Zheshang Bank Co., Ltd. China Securities Credit Investment Co., Ltd. Chengtay Financial Leasing (Shanghai) Co., Ltd. Orient Fortune Information Co., Ltd. Shanghai Qizhong Garden Golf Club Co., Ltd. Haitong Securities Co., Ltd. China Pacific Life Insurance Co., Ltd. Shanghai XinHua Media Co., Ltd. Shanghai Zhenhua Heavy Industries Co., Ltd. China Pacific Insurance (Group) Co., Ltd. China Pacific Property Insurance Co., Ltd. Shanghai Tongji Science & Technology Industrial Co., Ltd.	The Company's investment cost of holding financial assets such as stocks, bonds, funds and products issued by the related parties at the end of the period.	Subject to the actual amount due to unpredictability of transaction and the volume.	50,922.18 43,208.14 26,143.51 24,986.27 16,179.38 5,251.31 5,196.91 5,000.67 1,001.20 31.06 20.42 9.08 3.47 1.33
Business and management fee	Orient Fortune Information Co., Ltd. Shanghai Oriental Press Co., Ltd.	The Company pays fees for receiving services such as property management and gas supply, publicity and other services from related parties.	Subject to the actual amount due to unpredictable amount.	85.14 80.00

## Section VI Significant Events

*Note:*

- (1) The inter-group transactions and the transactions with their parent companies of the subsidiaries who have a control relationship and are incorporated in the Company's consolidated financial statements were offset.
- (2) In 2023, the related transactions between the Company and other related parties accounted for a small proportion of the Company's similar transactions.
- (3) The related/connected natural persons include: natural persons who directly or indirectly hold more than 5% of the shares of the listed company; Directors, Supervisors and senior management of the Company; close family members of the above-mentioned persons. All the applicable percentage ratios for aforesaid transactions calculated fall below the de minimis threshold as stipulated under Rule 14A.76(1) of the Hong Kong Listing Rules, these transactions therefore will be fully exempted from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

### **1.3 Transaction categories and pricing policies for related-party/connected transactions**

The Group expects to conduct transactions with securities and financial products and intermediary services with related/connected parties, specific transaction categories and pricing policies are as follows:

#### **1.3.1 Securities and Financial Services**

Securities and financial products services include but not limited to, the following services: securities, futures brokerage; lease of trading seats; sales of securities and financial products; underwriting and sponsoring; financial advisor; custodian asset management; settlement and sale of foreign exchange; securities financing business; asset custody; securities and financial advisory and consulting; insurance, etc.

## Section VI Significant Events

The pricing principles for securities and financial products services are determined by the parties based on the relevant service fees and in accordance with the relevant applicable laws and regulations with reference to the prevailing market rates. In particular:

- Securities and futures brokerage services – As the commission rate for brokerage services is generally transparent and standardized in the market, such rate shall be determined after arm’s length negotiations between the parties with reference to the requirements of relevant laws and regulations, the commission rate applicable to independent third party customers and the estimated size of broker transaction;
- Lease of trading seats – The service fee of lease of trading seats shall be determined after arm’s length negotiations between the parties with reference to the fees applicable to independent third party customers;
- Sales of securities and financial products services – Factors determining service fees include market prices, industry practices and total sales of financial products with reference to the level of fees charged by the Group for sales of products of similar types and nature;
- Underwriting and sponsoring services – The underwriting and sponsoring services market is highly competitive and the service rates and related fees are highly transparent and standardized. The service fees shall be determined after arm’s length negotiations between the parties with reference to the requirements of relevant laws and regulations, taking into account various factors, including prevailing market conditions, the size of the proposed issue, general market rates for recent issues of similar nature and size, and the fees applicable to independent third parties for similar services;
- Financial advisory services – The fees for financial advisory services are highly transparent and standardized in the market, and shall be determined after arm’s length negotiations between the parties with reference to the requirements of relevant laws and regulations, taking into account factors such as prevailing market conditions, the nature and scale of the transaction and the fees applicable to independent third parties for similar services;

## Section VI Significant Events

- Custodian asset management services – The rates for asset management services are highly transparent and standardized in the market, and the service fees will be determined after arm’s length negotiations between the parties with reference to the requirements of relevant laws and regulations, taking into account factors such as the size of the assets entrusted, the complexity of providing specific services and the fees applicable to independent third parties for similar services;
- Settlement and sale of foreign exchange – The transaction exchange rate for the settlement and sale of foreign exchange services shall be determined after arm’s length negotiations between the parties, taking into account factors such as the prevailing exchange rates in interbank foreign exchange market, the scale of the transaction and the exchange rate standards applicable to independent third parties for similar services;
- Securities financing business services – The fees for securities financing business services shall be determined after arm’s length negotiations between the parties with reference to the fees applicable to independent third parties;
- Asset custody services – The fees for asset custody services shall be determined by fair negotiations with reference to the prevailing market rates for transactions of similar type and size;
- Insurance services – The fees for insurance services are highly transparent and standardized in the market. Taking into account the prevailing market rates of comparable insurance schemes, the Company performs different procurement and bidding processes based on different target prices to determine the reasonableness of the prices, which are determined after arm’s length negotiations between the parties with reference to the market rates; and
- Other securities and financial services such as securities and financial advisory and consulting – The fees for such services shall be determined after arm’s length negotiations between the parties in accordance with relevant applicable laws and regulations, with reference to the prevailing market price, the nature of the transaction, the cost of services to each party and the fees applicable to independent third parties for similar services.



## Section VI Significant Events

### 1.3.2 Securities and Financial Products Transactions

Securities and financial products transactions include, but are not limited to, the following transactions: 1. transactions related to equity products, non-equity products and their derivatives: including, but not limited to, stocks, bonds, funds, trusts, wealth management products, asset management plans, asset securitization products, swaps, futures, options, forwards and other financial products; 2. transactions related to financing: the financing between financial institutions, including, but not limited to, interbank lending; repurchase; mutual holding of debt instruments such as income certificates, short-term financing bills, subordinated bonds and corporate bonds; 3. other securities and financial products transactions as permitted by the regulatory authorities.

The pricing principles for securities and financial products transactions shall be determined by mutual agreement in accordance with the requirements of relevant applicable laws and regulations and with reference to the prevailing market rates. In particular:

1. Securities and financial products transactions are mainly conducted through the interbank bond market and exchanges (including exchange-traded bond markets and futures exchanges). The pricing of such transactions is subject to relevant laws and regulations and under strict supervision and shall be conducted at prevailing market prices.

The subscription of securities and financial products is conducted in accordance with the subscription price and conditions of the products; on-market transactions of securities and financial products shall be conducted at the then applicable market prices or market rates of that type of securities and financial products; the over-the-counter (“OTC”) and other transactions of securities and financial products shall be conducted by mutual negotiation based on the then applicable market price or market rates for that type of securities and financial products; if there is no prevailing market price or market rate applicable for that type of securities and financial products, the price or rate for that transaction shall be the price or rate negotiated by both parties in accordance with the arm’s length principle.

## Section VI Significant Events

2. For borrowing and lending among financial institutions, transactions shall be conducted with reference to the Shanghai Interbank Offered Rate at the prevailing rates quoted in the interbank money market, and pricing shall comply with relevant laws and regulations and be subject to strict supervision.

The financing-related transactions of the Group are negotiated and determined by both parties based on the then applicable market rates and prices of independent transaction parties of that type.

### *1.3.3 Purchase of Goods and Acceptance of Services*

The purchase of goods and acceptance of services includes services received by the Group and provided by Shenergy Group and its associates within their scope of operation, including but not limited to: receiving goods and services such as electricity, town gas, natural gas, gas stoves, gas appliances and gas kitchen equipment; and receiving property management, gas transmission and distribution, gas project planning, design and construction and other services.

The pricing basis for the purchase of goods and acceptance of services are determined after arm's length negotiations between the parties in their ordinary course of business in accordance with the requirements of relevant applicable laws and regulations with reference to the prevailing market prices and on normal commercial terms. The Group has reached an agreement in principle with Shenergy Group and its associates on relevant pricing mechanism and the prices will be determined as follows: 1. Should there be a government pricing directive, the government directive price shall prevail; or 2. In the absence of any government pricing directive currently applicable, the government directive price previously promulgated by the competent government authority shall be adopted as the basic price and adjusted with reference to the procurement or service costs of Shenergy Group and its associate; the price as adjusted by item 2 above shall be fair and reasonable.

## Section VI Significant Events

### 1.4 *Internal control measures for related/connected transactions (including continuing connected transactions)*

The Group has formulated internal guidelines and policies on related/connected transactions which provided detailed regulations on key aspects such as identification, initiation, pricing, decision-making and disclosure of related/connected transactions and set out the approval procedures for related/connected transactions.

The terms of the proposed securities and financial services, securities and financial products transactions and purchase of goods and acceptance of services transactions (including pricing terms) shall be similar to those offered by/available to independent third parties for similar services and shall be subject to the same internal selection, approval and monitoring procedures and pricing policies as those applicable to independent third parties.

The departments or subsidiaries of the Company that conducted the related/connected transactions shall review the necessity, reasonableness, and fairness of the pricing of the related/connected transactions, and are responsible for monitoring whether the actual transaction amount exceeds the annual cap, and properly maintaining and storing any documents and records related to related/connected transactions; the compliance department of the Company reviews the compliance of the proposed related/connected transactions; the Board office, the planned financial management department and other relevant departments of the Company regularly compile the data to ensure that the actual amount does not exceed the annual cap and remind relevant departments to manage and control the related/connected transactions; the audit department of the Company conducts annual audit on the actual related/connected transactions.

The independent non-executive Directors and auditors of the Company will review the continuing related/connected transactions of the Company on an annual basis, and the Board (including the independent non-executive Directors) shall confirm that the terms of the transactions are fair and reasonable and on normal commercial terms or better terms in the ordinary course of business of the Group and in the interests of the Company and the shareholders as a whole. The Company's auditors shall confirm that the continuing connected transactions (1) have been approved by the board of Directors of the listed issuer; (2) have been conducted in accordance with the pricing policy of the listed issuer group in all material respects; (3) have been conducted in accordance with the agreements of relevant transactions in all material respects; and (4) have not exceeded the caps.

The related party transactions set out in Note 60 to the consolidated financial statements in this report do not constitute non-exempt connected transactions under Chapter 14A of the Hong Kong Listing Rules, but the related party transactions between the Company and Shenergy Group and its associates constitute non-exempt connected transactions and continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules. The Company has complied with the requirements under Chapter 14A of the Hong Kong Listing Rules.

## Section VI Significant Events

- (ii) During the Reporting Period, the Company had no related/connected transactions incurred as a result of acquisition or disposal of assets or equity interests.
- (iii) During the Reporting Period, the Company had no material related/connected transactions in relation to joint external investment.
- (iv) During the Reporting Period, the Company had no credits and debts with related/connected parties.
- (v) During the Reporting Period, there was no financial business between the Company and related/connected financial companies, the Company's controlling financial companies and related/connected parties.

### XIII. MATERIAL CONTRACTS AND PERFORMANCE

- (i) During the Reporting Period, the Company had no material custody, contracting or leasing matters.
- (ii) **Guarantees**

Unit: 100 million Currency: RMB

#### **External guarantees of the Company (excluding guarantees to its subsidiaries)**

Total amount of guarantees provided during the Reporting Period (excluding guarantees for subsidiaries)

Total balance of guarantees provided at the end of the Reporting Period (A) (excluding guarantees for subsidiaries)

#### **Guarantees provided by the Company and its subsidiaries for subsidiaries**

Total amount of guarantees provided for subsidiaries during the Reporting Period 1.42

Total balance of guarantees provided for subsidiaries at the end of the Reporting Period (B) 128.63

## Section VI Significant Events

### Total amount of guarantees provided by the Company (including those provided for subsidiaries)

Total amount of guarantees (A+B)	128.63
Percentage of total guarantees over net assets of the Company (%)	16.33
Including:	
Amount of guarantees provided for shareholders, de facto controllers and their related parties (C)	
Amount of debt guarantees directly or indirectly provided for parties with gearing ratio exceeding 70% (D)	128.63
Amount of total guarantees exceeding 50% of net assets (E)	
Total amount of above three types of guarantees (C+D+E)	128.63
Explanations on outstanding guarantees subject to joint liabilities	
Explanations on guarantees	

As at the end of the Reporting Period, the Company and its wholly-owned subsidiaries provided guarantees for its wholly-owned subsidiaries was RMB12.863 billion. Details of the guarantees are as follows:

1. Orient Finance Holdings, a wholly-owned subsidiary of the Company, provided guarantee for the credit facility of USD20 million entered into between Orient Securities International, a wholly-owned subsidiary of Orient Finance Holdings, and Ping An Bank. (Newly provided during the year)
2. The Company provided guarantee for the credit facility of USD120 million entered into between Orient Finance Holdings, a wholly-owned subsidiary of the Company, and Nanyang Commercial Bank Ltd.

## Section VI Significant Events

3. The Company provided full guarantee for the principal and interest of USD300 million bonds issued by Orient Zhisheng Limited, a wholly-owned subsidiary of Orient Finance Holdings, a wholly-owned subsidiary of the Company.
4. Orient Finance Holdings, a wholly-owned subsidiary of the Company, provided a guarantee of up to USD180 million for the transactions conducted by Orient Securities International, its wholly-owned subsidiary, under the Global Master Repurchase Agreement (GMRA)/International Swaps and Derivatives Association (ISDA) Agreement.
5. Orient Finance Holdings, a wholly-owned subsidiary of the Company, provided a guarantee of up to USD150 million for the transactions conducted by Orient International Investment Products Limited, its wholly-owned subsidiary, under the Global Master Repurchase Agreement (GMRA)/International Swaps and Derivatives Association (ISDA) Agreement.
6. Orient Finance Holdings, a wholly-owned subsidiary of the Company, provided a guarantee of up to USD1 billion for Orient International Investment Products Limited, its wholly-owned subsidiary, to issue structured notes.

*Note:* The amount of guarantees denominated in USD was converted at the spot exchange rate of USD1 to RMB7.0827 as at the end of December 2023.

- (iii) During the Reporting Period, the Company had no other material contract that should be disclosed but not disclosed.

## Section VI Significant Events

### XIV. EXPLANATION ON PROGRESS IN USE OF PROCEEDS

#### (i) Overall use of proceeds

Unit: 100 million

Source of proceeds	The availability of proceeds	Total proceeds	Of which: excess proceeds	Net proceeds after deduction of issuance expenses	Total promised investment amount of proceeds	Total promised investment amount of proceeds after adjustments (1)	Total accumulated investment amount of proceeds as at the end of the Reporting Period (2)	Process of accumulated investment as at the end of the Reporting Period (%) (3)=(2)/(1)	Investment amount for the year (4)	Proportion of the investment amount for the year (%) (5)=(4)/(1)	Total proceeds for change of use
IPO of H Shares	August 3, 2016	83.71	-	82.26	74.17	74.17	74.23	100	0.39	0.52	N/A
Rights issue of A Shares and H Shares	April 29, 2022	127.15	-	125.67	Up to 168	Up to 168	126.34	100	10.66	N/A	N/A

*Note:* The figures of the above IPO of H Shares are denominated in HKD, and the figures of Rights Issue of A Shares and H Shares are denominated in RMB.

#### 1. IPO of H Shares

As approved by the CSRC, the Company issued the overseas listed foreign shares (H Shares) in the Hong Kong Stock Exchange on July 8, 2016, and exercised the over-allotment option on August 3, 2016. Deloitte Touche Tohmatsu Certified Public Accountants LLP has verified the proceeds from this offering of H Shares by issuance of the capital verification report (De Shi Bao (Yan) Zi (16) No. 1082). Based on this capital verification report, it was noted that the Company made a public offering of 933,709,090 overseas listed foreign shares (H Shares) and the selling shareholders sold 93,370,910 H Shares, representing a total listing of 1,027,080,000 H Shares. Since the issue price of H Shares was HKD8.15 per share with a nominal value of RMB1 each, the total proceeds from this offering amounted to HKD8,370,702,000.00 which shall be paid in cash in Hong Kong dollars. After deduction of the transaction expense and other related expenses of HKD145,045,025.30 in aggregate, the remaining HKD8,225,656,974.70 has been deposited with the H Share proceeds account and converted into RMB7,083,154,510.65 (including the interest income received) based on the median exchange rate for conversion from HKD into RMB as published by the People's Bank of China on the date when the proceeds were actually remitted into the aforesaid account. The net proceeds from this offering of H Shares by the Company was HKD7,417,133,357.56 after deduction of such proceeds as transferred to the National Council for Social Security Fund and other expenses related to the issuance.

## Section VI Significant Events

Use of proceeds as committed in the H share prospectus of the Company is as follows:

- (1) approximately 35% to be used to further develop the Company's brokerage and securities finance business;
- (2) approximately 30% to be used to develop the Company's overseas business;
- (3) approximately 15% to be used to expand the Company's investment management business;
- (4) approximately 10% to be used to develop the Company's securities sales and trading business;
- (5) approximately 5% to be used for capital expenditure to upgrade information systems and expand the network of light business branches;
- (6) approximately 5% to be used for working capital and other general corporate purposes.

As at the end of the Reporting Period, the proceeds (including the interest and exchange income) from the IPO of H Shares of the Company were fully utilised and the details are set out below: HKD2.560 billion was used to further develop the Company's brokerage and securities finance business, HKD2.225 billion for developing the Company's overseas business, HKD1.097 billion for expansion of the Company's investment management business, HKD0.732 billion for developing our securities sales and trading business, HKD0.393 billion for capital expenditure, and HKD0.416 billion for working capital and others. The Company utilized a cumulative of HKD7.423 billion of proceeds (including the interest and exchange income) raised through the IPO of H Shares. (The exchange rate of utilized proceeds through issuance of H Shares denominated in Renminbi has been calculated according to the actual exchange settlement rate.)



## Section VI Significant Events

### 2. *Rights Issue of A Shares and H Shares*

As approved by the CSRC, the Company publicly issued securities (A Shares) through the Rights Issue on April 29, 2022. Deloitte Touche Tohmatsu Certified Public Accountants LLP has verified the proceeds from the Rights Issue of A Shares by issuance of the capital verification report (De Shi Bao (Yan) Zi (22) No. 00203). Based on this capital verification report, it was noted that the Company issued a total of 1,502,907,061 RMB ordinary shares (A Shares) through the Rights Issue at an offer price of RMB8.46 per share. The total amount of proceeds raised was RMB12,714,593,736.06, and after deducting the sponsorship fee and underwriting fee of RMB141,509,433.96 for the public issuance of securities under the Rights Issue, proceeds of RMB12,573,084,302.10 were received. The above proceeds were deposited to the RMB designated account for proceeds from the Rights Issue opened with the China Construction Bank Corporation Shanghai Second Branch (account number: 31050163360009015016) and the RMB designated account for proceeds from the Rights Issue opened with Shanghai Pudong Development Bank Co., Ltd. Waitan Branch (account number: 96550078801600000452), respectively. After deducting the issuance expense (excluding value added tax) of RMB147,375,578.12 from the total proceeds from the Rights Issue of A Shares, the actual net proceeds amounted to RMB12,567,218,157.94, i.e. the net issue price per A Share was approximately RMB8.36, and the closing price as quoted on the SSE on April 15, 2022 (i.e. the pricing date) was RMB10.88 per A Share.

## Section VI Significant Events

The Company publicly issued overseas listed foreign shares (H Shares) through the Rights Issue on May 20, 2022. Deloitte Touche Tohmatsu Certified Public Accountants LLP has verified the proceeds from the Rights Issue of H Shares by issuance of the capital verification report (De Shi Bao (Yan) Zi (22) No. 00268). Based on this capital verification report, it was noted that the Company issued a total of 82,428 overseas listed foreign shares (H Shares) through the Rights Issue of H Shares at an offer price of HKD10.38 per share. The total amount of proceeds raised was HKD855,602.64, which was equivalent to RMB735,818.27 based on the median exchange rate as published by the People's Bank of China on May 20, 2022. After deducting relevant issuance expense, the actual net proceeds from public issuance of securities under the Rights Issue of H Shares amounted to HKD0, which was equivalent to RMB0 based on the median exchange rate as published by the People's Bank of China on May 20, 2022, i.e. the net issue price per H Share was approximately HKD0, and the closing price as quoted on the Hong Kong Stock Exchange on April 14, 2022 (i.e. the trading day of H Shares on the Hong Kong Stock Exchange before the pricing date) was HKD4.86 per H Share.

The Company successfully completed the Rights Issue of A Shares and H Shares, which provided a favourable capital base for the comprehensive enhancement of its market competitiveness and risk resistance and the development of its investment banking and wealth management businesses. Based on the explanations of use of proceeds as set out in the A Share Rights Issue prospectus and H Share Rights Issue prospectus disclosed by the Company, the proceeds from the Rights Issue will be used mainly for the following purposes:

No.	Investment projects to be financed by the proceeds	Amount	Expected time
1	Investment banking business	Up to RMB6.0 billion	Before December 31, 2026
2	Wealth management and securities financing businesses	Up to RMB6.0 billion	Before December 31, 2023
3	Sales transactions business	Up to RMB3.8 billion	Before December 31, 2023
4	Replenishment of working capital	Up to RMB1.0 billion	Before December 31, 2023
Total		Up to RMB16.8 billion	

## Section VI Significant Events

As at the end of the Reporting Period, the proceeds from the Rights Issue (including the interest income) of the Company had been fully utilized and the details are set out below: RMB4.0 billion was used for investment banking business, RMB4.063 billion for wealth management and securities financial business, RMB3.6 billion for sales transactions business, and RMB0.971 billion for replenishment of working capital; the Company utilized a cumulative of RMB12.634 billion of the proceeds from the Rights Issue (including the interest income).

For details of the utilization of proceeds from the Rights Issue of the Company, please refer to the Special Report of 東方證券股份有限公司 on the Deposit and Actual Use of Proceeds for the Year of 2023 disclosed by the Company on the websites of the SSE ([www.sse.com.cn](http://www.sse.com.cn)), the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.dfzq.com.cn](http://www.dfzq.com.cn)) on March 27, 2024.

As at the end of the Reporting Period, there was no change in the above planned use of the proceeds as compared to that as disclosed in the rights issue prospectus, H Shares prospectus, related announcements and circulars.

### **XV. THERE WERE NO OTHER SIGNIFICANT EVENTS THAT HAD A MATERIAL IMPACT ON INVESTORS' VALUE JUDGEMENTS AND INVESTMENT DECISIONS DURING THE REPORTING PERIOD.**

## Section VII Changes in Shares and Information on Shareholders

### I. CHANGES IN SHARE CAPITAL

#### (i) Changes in Shares

##### 1. Changes in Shares

Unit: share

	Before the change		Changes (+, -)				After the change		
	Number of shares	Percentage (%)	Issue of new shares	Bonus issue	Share conversion from capital reserve fund	Others	Sub-total	Number of shares	Percentage (%)
I. Restricted shares						+33,486,424	33,486,424	33,486,424	0.39
1. State-owned shares									
2. State-owned legal person shares									
3. Other domestic owned shares									
4. Foreign shareholding									
5. Special account for share repurchase						+33,486,424	33,486,424	33,486,424	0.39
II. Circulating non-restricted shares	8,496,645,292	100.00				-33,486,424	-33,486,424	8,463,158,868	99.61
1. RMB denominated ordinary shares	7,469,482,864	87.91				-33,486,424	-33,486,424	7,435,996,440	87.52
2. Foreign shares listed in the PRC									
3. Foreign shares listed overseas	1,027,162,428	12.09						1,027,162,428	12.09
III. Total number of shares	8,496,645,292	100.00						8,496,645,292	100.00

## Section VII Changes in Shares and Information on Shareholders

### 2. Explanations on changes in shares

To safeguard the value of the Company and shareholders' equity, the Repurchase Plan of A Shares of the Company through Centralised Price Bidding was considered and approved at the 31st meeting of the fifth session of the Board of the Company on October 30, 2023. On January 30, 2024, a total of 34,843,324 A Shares of the Company were repurchased by the Company by means of centralized bidding transaction via the trading system of the Shanghai Stock Exchange, accounting for 0.4101% of the total share capital of the Company. The total amount of funds paid was RMB310,877,125.32 (excluding transaction fees), with a lowest trading price of RMB7.99 per share and a highest trading price of RMB9.14 per share. The monthly reports of the Company during the repurchase period are as follows:

Unit: Yuan Currency: RMB

Month of repurchase	Number of repurchase (share)	Lowest trading price per Share	Highest trading price per Share	Total funds (excluding transaction fees)
November 2023	30,844,124	8.81	9.14	277,040,688.32
December 2023	2,642,300	8.18	8.75	22,720,555.00
January 2024	1,356,900	7.99	8.33	11,115,882.00

Save as disclosed above, neither the Company nor any of its subsidiaries repurchase, sale or redeem listed securities of the Company and its subsidiaries during the year ended December 31, 2023.

### 3. Effect of changes in shares on financial indicators such as earnings per share and net assets per share for the most recent year and most recent period (if any)

As of December 31, 2023, the Company has repurchased a total of 33,486,424 A Shares through centralized price bidding, and has adjusted and deducted the above number of shares repurchased from the total share capital when calculating relevant financial indicators. In 2023, the adjusted basic earnings per share of the Company was RMB0.30 per share, and the net assets per share attributable to shareholders of the Company was RMB9.30 per share (excluding the perpetual subordinated bonds issued of RMB8.71 per share). As the aforesaid number of shares repurchased only accounts for 0.39% of the Company's total share capital, which has minimal impact on the Company's financial indicators such as earnings per share and net assets per share in the latest year and period.

## Section VII Changes in Shares and Information on Shareholders

### (ii) Changes in restricted shares

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the year	Number of restricted shares released during the year	Increase in restricted shares during the year	Number of restricted shares at the end of the year	Reason for restriction	Expiry date of restriction
Repurchase account of the Company			33,486,424	33,486,424	Repurchase of A Shares by the Company	2025-02-01
Total			33,486,424	33,486,424	/	/

## II. ISSUANCE AND LISTING OF SECURITIES

### (i) Issuance of securities as at the end of the Reporting Period

Unit: 100 million Currency: RMB

Type of shares and their derivative securities	Issuing date	Issuing price (or interest rate)	Number of shares (or amount) issued	Date of listing	Number of shares (or amount) permitted to be listed for trading	Date of termination of the trading
Bonds (including corporate bonds, corporate debentures and debt financing instruments of non-financial enterprises)						
Corporate bonds	2023-02-21	2.92%	15	2023-02-27	15	2025-02-21
Corporate bonds	2023-02-21	3.13%	25	2023-02-27	25	2026-02-21
Corporate bonds	2023-03-21	3.32%	16	2023-03-28	16	2028-03-21
Corporate bonds	2023-05-24	2.90%	30	2023-05-29	30	2026-05-24
Short-term corporate bonds	2023-09-07	2.41%	16	2023-09-12	16	2024-09-06

## Section VII Changes in Shares and Information on Shareholders

Unit: 100 million Currency: RMB

Type of shares and their derivative securities	Issuing date	Issuing price (or interest rate)	Number of shares (or amount) issued	Date of listing	Number of shares (or amount) permitted to be listed for trading	Date of termination of the trading
Subordinated bonds	2023-04-24	3.30%	30	2023-04-28	30	2026-04-24
Subordinated bonds	2023-08-10	3.08%	30	2023-08-15	30	2026-08-10
Subordinated bonds	2023-10-30	3.30%	28	2023-11-03	28	2026-10-30
Subordinated bonds	2023-10-30	3.50%	7	2023-11-03	7	2028-10-30
Subordinated bonds	2023-11-23	3.18%	20	2023-11-29	20	2026-11-23

Explanations on the issuance of securities during the Reporting Period (particulars of bonds with different interest rates during duration shall be provided separately):

### 1. Public corporate bonds

In September 2021, the Company obtained the Approval Regarding the Registration of Corporate Bonds Publicly Issued by 東方證券股份有限公司 to Professional Investors (CSRC Approval [2021] No. 3091) (《關於同意東方證券股份有限公司向專業投資者公開發行公司債券註冊的批覆》(證監許可[2021]3091號)), which approved the Company to publicly issue corporate bonds of no more than RMB30 billion to professional investors.

On February 21, 2023, the Company completed the public issuance of corporate bonds (for professional investors) (first tranche) of DFZQ in 2023, type 1 has a term of 2 years, an issue size of RMB1.5 billion, and a coupon rate of 2.92%; and type 2 has a term of 3 years, an issue size of RMB2.5 billion, and a coupon rate of 3.13%.

On March 21, 2023, the Company completed the public issuance of corporate bonds (for professional investors) (second tranche) of DFZQ in 2023, with an issue size of RMB1.6 billion, a term of 5 years and a coupon rate of 3.32%.

On May 24, 2023, the Company completed the public issuance of corporate bonds (for professional investors) (third tranche) of DFZQ in 2023, with an issue size of RMB3.0 billion, a term of 3 years and a coupon rate of 2.90%.

## Section VII Changes in Shares and Information on Shareholders

### 2. Subordinated bonds

In March 2022, the Company obtained the Approval Regarding the Registration of Subordinated Bonds Publicly Issued by 東方證券股份有限公司 to Professional Investors (CSRC Approval [2022] No. 561) (《關於同意東方證券股份有限公司向專業投資者公開發行次級公司債券註冊的批覆》(證監許可[2022]561號)), which approved the Company to publicly issue subordinated bonds of no more than RMB15 billion to professional investors.

On April 24, 2023, the Company completed the public issuance of subordinated bonds (for professional investors) (first tranche) of DFZQ in 2023, with an issue size of RMB3.0 billion, a term of 3 years and a coupon rate of 3.30%.

On August 10, 2023, the Company completed the public issuance of subordinated bonds (for professional investors) (second tranche) of DFZQ in 2023, with an issue size of RMB3.0 billion, a term of 3 years and a coupon rate of 3.08%.

On October 30, 2023, the Company completed the public issuance of subordinated bonds (for professional investors) (third tranche) of DFZQ in 2023, type 1 has an issue size of RMB2.8 billion, a term of 3 years, and a coupon rate of 3.30%; and type 2 has an issue size of RMB0.7 billion, a term of 5 years, and a coupon rate of 3.50%.

On November 23, 2023, the Company completed the public issuance of subordinated bonds (for professional investors) (fourth tranche) of DFZQ in 2023, with an issue size of RMB2.0 billion, a term of 3 years and a coupon rate of 3.18%.

### 3. Short-term corporate bonds

In December 2022, the Company obtained the Approval Regarding the Registration of Short-term Corporate Bonds Publicly Issued by 東方證券股份有限公司 to Professional Investors (CSRC Approval [2022] No. 3159) (《關於同意東方證券股份有限公司向專業投資者公開發行短期公司債券註冊的批覆》(證監許可[2022]3159號)), which approved the Company to publicly issue short-term corporate bonds of no more than RMB20 billion to professional investors.

On September 7, 2023, the Company completed the public issuance of short-term corporate bonds (for professional investors) (first tranche) of DFZQ in 2023, with an issue size of RMB1.6 billion, a term of 365 days and a coupon rate of 2.41%.



## Section VII Changes in Shares and Information on Shareholders

### (ii) Changes in total number of shares and shareholding structure of the Company and the Company's assets and liabilities structure

Details of the total number of shares and changes in the shareholding structure of the Company are set out in the section of changes in shares in this report, and for details of changes in the Company's assets and liabilities structure, please refer to Section III Management Discussion and Analysis (III) Analysis of assets and liabilities.

(iii) No shares were held by the existing internal employees of the Company.

## III. INFORMATION ON SHAREHOLDERS AND DE FACTO CONTROLLER

### (i) Total number of shareholders

Total number of holders of ordinary shares as at the end of the Reporting Period (accounts)	220,519
Total number of holders of ordinary shares as at the end of the month preceding the month when the annual report was disclosed (accounts)	213,729

## Section VII Changes in Shares and Information on Shareholders

### (ii) Shareholdings of the top ten shareholders, the top ten shareholders of circulating shares (or shareholders not subject to restriction on sales) as at the end of the Reporting Period

Unit: share

**Shareholdings of the top ten shareholders (excluding shares lent under the margin financing)**

Name of shareholder (Full name)	Changes in number of shares during the Reporting Period	Number of shares held as at the end of the Reporting Period	Percentage (%)	Number of restricted shares held	Pledged, flagged or frozen		Nature of shareholders
					Status of shares	Number of shares	
Shenergy (Group) Company Limited	0	2,262,428,700	26.63	0	Nil	-	State-owned legal person
HKSCC Nominees Limited	-41,790	1,027,023,144	12.09	0	Unknown	-	Off-shore legal person
Shanghai Haiyan Investment Management Company Limited	0	423,186,126	4.98	0	Nil	-	State-owned legal person
Shanghai United Media Group	498,700	309,561,060	3.64	0	Nil	-	State-owned legal person
China Post Group Corporation Limited	-70,000	228,721,342	2.69	0	Nil	-	State-owned legal person
China Securities Finance Corporation Limited	0	227,872,800	2.68	0	Nil	-	Unknown
Zheneng Capital Holdings Limited (浙能資本控股有限公司)	0	177,625,600	2.09	0	Nil	-	State-owned legal person
Shanghai Jinqiao Export Processing Zone Development Co., Ltd. (上海金橋出口加工區開發股份有限公司)	-35,520,989	124,328,872	1.46	0	Nil	-	State-owned legal person
National Social Security Fund – Portfolio 118 (全國社保基金一一八組合)	57,092,465	116,535,133	1.37	0	Nil	-	Other
Hong Kong Securities Clearing Company Limited	6,552,685	116,254,720	1.37	0	Nil	-	Off-shore legal person

## Section VII Changes in Shares and Information on Shareholders

Name of shareholder	Shareholdings of the top ten shareholders of non-restricted shares		
	Number of circulating non-restricted shares held	Type	Number
Shenergy (Group) Company Limited	2,262,428,700	RMB ordinary shares	2,262,428,700
HKSCC Nominees Limited	1,027,023,144	Overseas listed foreign shares	1,027,023,144
Shanghai Haiyan Investment Management Company Limited	423,186,126	RMB ordinary shares	423,186,126
Shanghai United Media Group	309,561,060	RMB ordinary shares	309,561,060
China Post Group Corporation Limited	228,721,342	RMB ordinary shares	228,721,342
China Securities Finance Corporation Limited	227,872,800	RMB ordinary shares	227,872,800
Zheneng Capital Holdings Limited (浙能資本控股有限公司)	177,625,600	RMB ordinary shares	177,625,600
Shanghai Jinqiao Export Processing Zone Development Co., Ltd. (上海金橋出口加工區開發股份有限公司)	124,328,872	RMB ordinary shares	124,328,872
National Social Security Fund – Portfolio 118 (全國社保基金一一八組合)	116,535,133	RMB ordinary shares	116,535,133
Hong Kong Securities Clearing Company Limited	116,254,720	RMB ordinary shares	116,254,720
Special repurchase account of the top ten shareholders		N/A	
Voting by proxy, as proxy or abstention of voting rights by the above shareholders		N/A	
Related party relationship or parties acting in concert among above shareholders		N/A	

## Section VII Changes in Shares and Information on Shareholders

### The top ten shareholders involved in the shares lent under the margin financing business

Unit: share

Name of shareholder (Full name)	The top ten shareholders involved in the shares lent under the margin financing							
	Shareholding of ordinary and credit accounts at the beginning of the period		The shares lent under the margin financing at the beginning of the period have not been returned		Shareholding of ordinary and credit accounts at the end of the period		The shares lent under the margin financing at the end of the period have not been returned	
	Total	Percentage (%)	Total	Percentage (%)	Total	Percentage (%)	Total	Percentage (%)
Shanghai United Media Group	309,062,360	3.64	498,700	0.01	309,561,060	3.64	0	0.00
China Post Group Corporation Limited	228,791,342	2.69	0	0.00	228,721,342	2.69	70,000	0.00

### Changes in the top ten shareholders as compared to the previous period

Unit: share

Name of shareholder (Full name)	Add/Exit during the Reporting Period	Changes in the top ten shareholders as compared with the end of the previous period			
		Number of shares lent under the margin financing at the end of the period have not been returned		Number of shares held by shareholders in ordinary and credit accounts and the shares lent under the margin financing that have not been returned at the end of the period	
		Total	Percentage (%)	Total	Percentage (%)
National Social Security Fund – Portfolio 118 (全國社保基金一一八組合)	Addition	0	0	116,535,133	1.37
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Openended Fund (中國建設銀行股份有限公司–國泰中證全指證券公司交易型開放式指數證券投資基金)	Withdrawal	842,500	0.01	113,540,455	1.34

- (iii) During the Reporting Period, no strategic investors or general legal persons became top ten shareholders of the Company due to the placement of new shares.

## Section VII Changes in Shares and Information on Shareholders

### (iv) Substantial shareholders and other persons' interests and short positions in the shares and underlying shares

As at December 31, 2023, to the best knowledge of the Company and its Directors, having made all reasonable enquiries, the following substantial shareholders and other parties (excluding the Directors, Supervisors and chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company, which is required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and has been entered in the register kept by the Company according to Section 336 of the SFO:

Name of shareholder	Type of share	Nature of interests	Number of shares <sup>(Note 1)</sup>	Approximate percentage of total share capital of relevant class in issue of the Company (%) <sup>(Note 2)</sup>	Approximate percentage of total share capital in issue of the Company (%) <sup>(Note 2)</sup>
Shenergy (Group) Company Limited	A Share	Beneficial owner	2,262,428,700 (L)	30.29	26.63
China National Tobacco Corporation <sup>(Note 3)</sup>	A Share	Interests in controlled corporation	423,186,126 (L)	5.67	4.98
Shanghai Tobacco (Group) Company <sup>(Note 3)</sup>	A Share	Interests in controlled corporation	423,186,126 (L)	5.67	4.98
Shanghai Haiyan Investment Management Company Limited <sup>(Note 3)</sup>	A Share	Beneficial owner	423,186,126 (L)	5.67	4.98
Shanghai Wealspring Asset Management Co., Ltd. (上海寧泉資產管理有限公司)	H Share	Investment manager	154,195,200 (L)	15.01	1.81
Zhu Lijia <sup>(Note 4)</sup>	H Share	Interests in controlled corporation	94,940,800 (L)	9.24	1.12
Sun Hongyan <sup>(Note 4)</sup>	H Share	Interests in controlled corporation	94,940,800 (L)	9.24	1.12

## Section VII Changes in Shares and Information on Shareholders

Name of shareholder	Type of share	Nature of interests	Number of shares <sup>(Note 1)</sup>	Approximate percentage of total share capital of relevant class in issue of the Company (%) <sup>(Note 2)</sup>	Approximate percentage of total share capital in issue of the Company (%) <sup>(Note 2)</sup>
Hung Jia Finance Limited <sup>(Note 4)</sup>	H Share	Interests in controlled corporation	94,940,800 (L)	9.24	1.12
Kaiser Century Investments Limited <sup>(Note 4)</sup>	H Share	Beneficial owner	94,940,800 (L)	9.24	1.12
Bank of Communications Co., Ltd. <sup>(Note 5)</sup>	H Share	Interests in controlled corporation	93,991,600 (L)	9.15	1.11
Bank of Communications (Nominee) Company Limited <sup>(Note 5)</sup>	H Share	Interests in controlled corporation	93,991,600 (L)	9.15	1.11
BOCOM International Asset Management Limited <sup>(Note 5)</sup>	H Share	Interests in controlled corporation	93,991,600 (L)	9.15	1.11
BOCOM International Holdings Company Limited <sup>(Note 5)</sup>	H Share	Interests in controlled corporation	93,991,600 (L)	9.15	1.11
BOCOM International Global Investment Limited <sup>(Note 5)</sup>	H Share	Beneficial owner	93,991,600 (L)	9.15	1.11

### Notes:

- (L) represents the long position.
- As at December 31, 2023, the Company has issued 8,496,645,292 shares in total, including 7,469,482,864 A Shares and 1,027,162,428 H Shares.
- Shanghai Haiyan Investment Management Company Limited is wholly owned by Shanghai Tobacco (Group) Co., Ltd., which in turn is wholly owned by China National Tobacco Corporation. Therefore, each of China National Tobacco Corporation and Shanghai Tobacco (Group) Co., Ltd. is deemed to be interested in the shares of the Company held by Shanghai Haiyan Investment Management Company Limited under the SFO.

## Section VII Changes in Shares and Information on Shareholders

4. Kaiser Century Investments Limited is owned as to 100% by Hung Jia Finance Limited. Hung Jia Finance Limited is owned as to 50% by each of Mr. Zhu Lijia and his spouse Ms. Sun Hongyan. Therefore, each of Mr. Zhu Lijia, Ms. Sun Hongyan and Hung Jia Finance Limited is deemed to be interested in the shares of the Company held by Kaiser Century Investments Limited under the SFO.
5. BOCOM International Global Investment Limited is wholly owned by BOCOM International Asset Management Limited. BOCOM International Asset Management Limited is wholly owned by BOCOM International Holdings Company Limited, which in turn is wholly owned by Bank of Communications (Nominee) Company Limited. Bank of Communications (Nominee) Company Limited is wholly owned by Bank of Communications Co., Ltd. Therefore, each of Bank of Communications Co., Ltd., Bank of Communications (Nominee) Company Limited, BOCOM International Holdings Company Limited and BOCOM International Asset Management Limited is deemed to be interested in the shares of the Company held by BOCOM International Global Investment Limited under the SFO.

Save as disclosed above, as at December 31, 2023, none of the other substantial shareholders or other parties has any interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept pursuant to Section 336 of the SFO.

### (v) Directors', Supervisors' and chief executive's interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations

As at December 31, 2023, according to the information available to the Company and so far as the Directors are aware, none of the Directors, Supervisors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (as defined under the Part XV of the SFO), which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which are taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or would be required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

## IV. CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

As at the end of the Reporting Period, Shenergy Group, the Company's largest shareholder, had a shareholding of 26.63%, and the H Shares held by HKSCC Nominees Limited were H Shares owned by non-registered shareholders. The Company has no controlling shareholder and de facto controller.

## Section VII Changes in Shares and Information on Shareholders

V. AS AT THE END OF THE REPORTING PERIOD, NO CONTROLLING SHAREHOLDER OR THE LARGEST SHAREHOLDER AND PARTIES ACTING IN CONCERT WITH IT HAD PLEDGED AN AGGREGATE NUMBER OF SHARES REPRESENTING MORE THAN 80% OF THE NUMBER OF SHARES HELD BY THEM IN THE COMPANY.

VI. OTHER LEGAL-PERSON SHAREHOLDERS WITH A SHAREHOLDING OF MORE THAN 10%

Unit: 100 million Currency: RMB

Name of legal-person shareholder	Person-in-charge of the unit or legal representative	Date of incorporation	Organization code	Registered capital	Principal businesses or management activities
Shenergy Group	Huang Dinan	November 18, 1996	913100001322718147	280	General projects: investment, development, operation and management in electricity power and energy-based industries, investment and development in natural gas resources and urban gas network, investment and management in hi-tech industries, industrial investment, as well as operation of its assets and domestic trade (excluding specially regulated ones). (Except for projects subject to approval according to law, conducting business activities independently according to law with business license)

Explanations

1. As at the end of the Reporting Period, Shenergy Group held 26.63% of shares of the Company.
2. The shares held by HKSCC Nominees Limited were owned by non-registered holders of H Shares.

VII. DURING THE REPORTING PERIOD, THE COMPANY HAD NO RESTRICTION ON SHAREHOLDING REDUCTION



## Section VII Changes in Shares and Information on Shareholders

### VIII. SPECIFIC IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD

Name of share repurchase plan	Repurchase of A Shares of the Company through centralized price bidding
Date of share repurchase plan disclosed	October 30, 2023
Amount to be repurchased	The range from RMB250 million (inclusive) at the lower end to RMB500 million (inclusive) at the higher end
Period to be repurchased	Not more than three months from the date of consideration and approval by the Board of the plan of repurchase of A Shares
Purpose of repurchase	Safeguard the value of the Company and the interests of shareholders
Number of shares repurchased (share)	33,486,424
Progress of shares repurchased	On November 2, 2023, the Company implemented its initial repurchase of A Shares by way of centralized price bidding through the trading system of the Shanghai Stock Exchange, and disclosed the information of the initial repurchase of shares on the same day. As at December 31, 2023, the Company has repurchased a total of 33,486,424 A Shares of the Company.

On January 30, 2024, the Company issued the Announcement in Relation to the Implementation Results of Repurchase of A Shares and Changes in Shares. The Company actually repurchased 34,843,324 A Shares by itself, representing 0.4101% of the total share capital of the Company, with a maximum repurchase price of RMB9.14 per share, a lowest repurchase price of RMB7.99 per share and an average repurchase price of RMB8.92 per share, in which the total amount of funds utilized was RMB310,877,125.32 (excluding trading fees). The actual implementation of the repurchase plan of A Shares did not deviate from the share repurchase plan originally disclosed, and the Company has implemented the repurchase in accordance with the disclosed plan. All the A Shares repurchased by the Company shall be deposited in the designated securities account for repurchase of the Company. The Company will handle and arrange for the repurchased shares in accordance with the plan for repurchase of A Shares of the Company as considered and approved by the Board.

## Section VIII Information on Preference Shares

During the Reporting Period, the Company did not have any matters relating to preference shares.

## Section IX Information on Bonds

### I. CORPORATE BONDS, CORPORATE DEBENTURES AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

#### 1. Basic information of corporate bonds

Unit: 100 million Currency: RMB

Name of bonds	Abbreviation	Code	Date of issuance	Dated date	Maturity date	Bonds balance	Interest rate (%)	Repayment of principal and interest	Trading venue	Investor suitability arrangements (if any)	Trading mechanism	Risk of termination of listing and trading
2017 Corporate Bonds publicly issued by DFZQ	17 Orient Bonds	143233	August 2, 2017	August 3, 2017	August 3, 2027	40	4.98	Interest to be paid annually, principal to be repaid upon maturity in one lump sum	SSE	For qualified investors	Matching, click-to-trade, quote request, auction and negotiation	No
2020 Perpetual Subordinated Bonds publicly issued by DFZQ (first tranche)	20 Orient Securities Y1	175032	August 24, 2020	August 26, 2020	- <sup>1</sup>	50	4.75	Interest to be paid annually if the option of deferring payment of interest is not exercised	SSE	For institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
2021 Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche)	21 Orient Securities O1	175690	January 25, 2021	January 27, 2021	January 27, 2024	40	3.60	Interest to be paid annually, principal to be repaid upon maturity in one lump sum	SSE	For professional investors	Matching, click-to-trade, quote request, auction and negotiation	No
2021 Subordinated Bonds publicly issued by DFZQ (first tranche)	21 Orient Securities C1	175779	March 4, 2021	March 8, 2021	March 8, 2024	25	3.95	Interest to be paid annually, principal to be repaid upon maturity in one lump sum	SSE	For institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
2021 Subordinated Bonds publicly issued by DFZQ (second tranche) (Type 1)	21 Orient Securities C2	175993	April 14, 2021	April 16, 2021	April 16, 2024	30	3.70	Interest to be paid annually, principal to be repaid upon maturity in one lump sum	SSE	For institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No

<sup>1</sup> Every five interest-accruing years constitute a repricing period of the bond. At the end of each repricing period, the Company is entitled to extend such tranche of bonds by one repricing period (i.e. for another period of 5 years) or redeem such tranche of bonds in full.

## Section IX Information on Bonds

Name of bonds	Abbreviation	Code	Date of issuance	Dated date	Maturity date	Bonds balance	Interest rate (%)	Repayment of principal and interest	Trading venue	Investor suitability arrangements (if any)	Trading mechanism	Risk of termination of listing and trading
2021 Subordinated Bonds publicly issued by DFZQ (second tranche) (Type 2)	21 Orient Securities C3	175994	April 14, 2021	April 16, 2021	April 16, 2026	15	4.20	Interest to be paid annually, principal to be repaid upon maturity in one lump sum	SSE	For institutional investors	Matching, click-to-trade, quote request, auction and negotiation	No
2021 Corporate Bonds publicly issued by DFZQ (for professional investors) (second tranche)	21 Orient Securities 02	185035	November 22, 2021	November 24, 2021	November 24, 2024	40	3.08	Interest to be paid annually, principal to be repaid upon maturity in one lump sum	SSE	For professional investors	Matching, click-to-trade, quote request, auction and negotiation	No
2022 Subordinated Bonds publicly issued by DFZQ (for professional investors) (first tranche)	22 Orient Securities C1	185233	January 11, 2022	January 13, 2022	January 13, 2025	25	3.16	Interest to be paid annually, principal to be repaid upon maturity in one lump sum	SSE	For professional investors	Matching, click-to-trade, quote request, auction and negotiation	No
2022 Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche) (Type 1)	22 Orient Securities 01	137547	July 19, 2022	July 21, 2022	July 21, 2025	20	2.79	Interest to be paid annually, principal to be repaid upon maturity in one lump sum	SSE	For professional investors	Matching, click-to-trade, quote request, auction and negotiation	No
2022 Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche) (Type 2)	22 Orient Securities 02	137548	July 19, 2022	July 21, 2022	July 21, 2027	15	3.18	Interest to be paid annually, principal to be repaid upon maturity in one lump sum	SSE	For professional investors	Matching, click-to-trade, quote request, auction and negotiation	No
2022 Corporate Bonds publicly issued by DFZQ (for professional investors) (second tranche)	22 Orient Securities 03	137725	August 23, 2022	August 25, 2022	August 25, 2027	20	3.00	Interest to be paid annually, principal to be repaid upon maturity in one lump sum	SSE	For professional investors	Matching, click-to-trade, quote request, auction and negotiation	No

## Section IX Information on Bonds

Name of bonds	Abbreviation	Code	Date of issuance	Dated date	Maturity date	Bonds balance	Interest rate (%)	Repayment of principal and interest	Trading venue	Investor suitability arrangements (if any)	Trading mechanism	Risk of termination of listing and trading
2022 Subordinated Bonds publicly issued by DFZQ (for professional investors) (second tranche)	22 Orient Securities C2	137959	October 19, 2022	October 21, 2022	October 21, 2024	35	2.53	Interest to be paid annually, principal to be repaid upon maturity in one lump sum	SSE	For professional investors	Matching, click-to-trade, quote request, auction and negotiation	No
2022 Corporate Bonds publicly issued by DFZQ (for professional investors) (third tranche)	22 Orient Securities 04	138727	December 12, 2022	December 14, 2022	December 14, 2025	35	3.40	Interest to be paid annually, principal to be repaid upon maturity in one lump sum	SSE	For professional investors	Matching, click-to-trade, quote request, auction and negotiation	No
2023 Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche) (Type 1)	23 Orient Securities 01	138917	February 17, 2023	February 21, 2023	February 21, 2025	15	2.92	Interest to be paid annually, principal to be repaid upon maturity in one lump sum	SSE	For professional investors	Matching, click-to-trade, quote request, auction and negotiation	No
2023 Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche) (Type 2)	23 Orient Securities 02	138918	February 17, 2023	February 21, 2023	February 21, 2026	25	3.13	Interest to be paid annually, principal to be repaid upon maturity in one lump sum	SSE	For professional investors	Matching, click-to-trade, quote request, auction and negotiation	No
2023 Corporate Bonds publicly issued by DFZQ (for professional investors) (second tranche)	23 Orient Securities 03	115092	March 17, 2023	March 21, 2023	March 21, 2028	16	3.32	Interest to be paid annually, principal to be repaid upon maturity in one lump sum	SSE	For professional investors	Matching, click-to-trade, quote request, auction and negotiation	No
2023 Subordinated Bonds publicly issued by DFZQ (for professional investors) (first tranche)	23 Orient Securities C1	115292	April 20, 2023	April 24, 2023	April 24, 2026	30	3.30	Interest to be paid annually, principal to be repaid upon maturity in one lump sum	SSE	For professional investors	Matching, click-to-trade, quote request, auction and negotiation	No

## Section IX Information on Bonds

Name of bonds	Abbreviation	Code	Date of issuance	Dated date	Maturity date	Bonds balance	Interest rate (%)	Repayment of principal and interest	Trading venue	Investor suitability arrangements (if any)	Trading mechanism	Risk of termination of listing and trading
2023 Corporate Bonds publicly issued by DFZQ (for professional investors) (third tranche)	23 Orient Securities 04	115403	May 22, 2023	May 24, 2023	May 24, 2026	30	2.90	Interest to be paid annually, principal to be repaid upon maturity in one lump sum	SSE	For professional investors	Matching, click-to-trade, quote request, auction and negotiation	No
2023 Subordinated Bonds publicly issued by DFZQ (for professional investors) (second tranche)	23 Orient Securities C2	115763	August 8, 2023	August 10, 2023	August 10, 2026	30	3.08	Interest to be paid annually, principal to be repaid upon maturity in one lump sum	SSE	For professional investors	Matching, click-to-trade, quote request, auction and negotiation	No
2023 Short-term Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche)	23 Orient Securities S1	115908	September 5, 2023	September 7, 2023	September 6, 2024	16	2.41	Principal and interest to be repaid upon maturity in one lump sum	SSE	For professional investors	Matching, click-to-trade, quote request, auction and negotiation	No
2023 Subordinated Bonds publicly issued by DFZQ (for professional investors) (third tranche) (Type 1)	23 Orient Securities C3	240151	October 26, 2023	October 30, 2023	October 30, 2026	28	3.30	Interest to be paid annually, principal to be repaid upon maturity in one lump sum	SSE	For professional investors	Matching, click-to-trade, quote request, auction and negotiation	No
2023 Subordinated Bonds publicly issued by DFZQ (for professional investors) (third tranche) (Type 2)	23 Orient Securities C4	240152	October 26, 2023	October 30, 2023	October 30, 2028	7	3.50	Interest to be paid annually, principal to be repaid upon maturity in one lump sum	SSE	For professional investors	Matching, click-to-trade, quote request, auction and negotiation	No
2023 Subordinated Bonds publicly issued by DFZQ (for professional investors) (fourth tranche)	23 Orient Securities C5	240318	November 21, 2023	November 23, 2023	November 23, 2026	20	3.18	Interest to be paid annually, principal to be repaid upon maturity in one lump sum	SSE	For professional investors	Matching, click-to-trade, quote request, auction and negotiation	No

There was no trading risk of delisting of the Company's bonds during the Reporting Period.

There were no overdue bonds of the Company during the Reporting Period.

## Section IX Information on Bonds

### *Payment of interests of bonds during the Reporting Period*

<b>Name of bond</b>	<b>Explanation on payment of interests</b>
2020 Corporate Bonds non-publicly issued by DFZQ (second tranche)	Paid in full on time
2020 Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche)	Paid in full on time
2020 Corporate Bonds publicly issued by DFZQ (for professional investors) (second tranche)	Paid in full on time
2020 Corporate Bonds publicly issued by DFZQ (for professional investors) (third tranche)	Paid in full on time
2022 Short-term Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche)	Paid in full on time
2022 Short-term Corporate Bonds publicly issued by DFZQ (for professional investors) (second tranche)	Paid in full on time
2017 Corporate Bonds publicly issued by DFZQ	Interest paid in full on time
2020 Perpetual Subordinated Bonds publicly issued by DFZQ (first tranche)	Interest paid in full on time
2021 Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche)	Interest paid in full on time
2021 Subordinated Bonds publicly issued by DFZQ (first tranche)	Interest paid in full on time
2021 Subordinated Bonds publicly issued by DFZQ (second tranche) (Type 1)	Interest paid in full on time
2021 Subordinated Bonds publicly issued by DFZQ (second tranche) (Type 2)	Interest paid in full on time
2021 Corporate Bonds publicly issued by DFZQ (for professional investors) (second tranche)	Interest paid in full on time
2022 Subordinated Bonds publicly issued by DFZQ (for professional investors) (first tranche)	Interest paid in full on time
2022 Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche) (Type 1)	Interest paid in full on time
2022 Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche) (Type 2)	Interest paid in full on time
2022 Corporate Bonds publicly issued by DFZQ (for professional investors) (second tranche)	Interest paid in full on time
2022 Subordinated Bonds publicly issued by DFZQ (for professional investors) (second tranche)	Interest paid in full on time
2022 Corporate Bonds publicly issued by DFZQ (for professional investors) (third tranche)	Interest paid in full on time

## Section IX Information on Bonds

### 2. Issuer or investor option clauses or investor protection clauses triggered or enforced

The Company's "20 Orient Securities Y1" is issued with an issuer option of renewal and without an investor option of resale. As at the date of disclosure of this report, the issuer option of renewal has yet to become exercisable. For the issuer right of deferral of interest payment, as the "2022 Profit Distribution Proposal of the Company" was considered and approved at the 2022 annual general meeting of the Company held on May 10, 2023, which was a mandatory interest payment event as stipulated in the prospectus of "20 Orient Securities Y1", the Company has made full and timely payment of the current interest on the bonds. The issuer option of redemption upon satisfaction of certain conditions has not been triggered as at the date of disclosure of this report.

### 3. Intermediaries providing services for issuance and subsistence of bonds

Name of intermediary	Office address	Name of signing accountant	Contact	Tel
Orient Securities Investment Banking Co., Ltd.	24/F, No. 318 South Zhongshan Road, Huangpu District, Shanghai	N/A	Wang Yibin	021-23153888
China Galaxy Securities Co., Ltd.	11/F, Qinghai Finance Building, No. 8 Xiyong Street, Fengtai District, Beijing	N/A	Chen Qu	010-80927231
Guangfa Securities Co., Ltd.	9/F, Tower B, Xinsheng Building, No. 5 Finance Street, Xicheng District, Beijing	N/A	Zhang Yicheng	010-56571898
Western Securities Co., Ltd.	Room 10000, Block 8, No. 319 Dongxin Street, Xincheng District, Xi'an, Shaanxi Province	N/A	Luo Longyu	021-50207692
Dongguan Securities Co., Ltd.	25/F, Pudong Kerry City Office Building, No. 1155 Fangdian Road, Shanghai	N/A	Hong Yihang	021-50155106
China Chengxin International Credit Rating Co., Ltd.	60101, Block 1, No.2 Nanzhugan Hutong, Dongcheng District, Beijing	N/A	Zheng Yaozong, Li Chenfei, Jia Tianwei	010-66428877
Deloitte Touche Tohmatsu Certified Public Accountants LLP	30/F, Bund Center, No. 222 East Yan'an Road, Huangpu District, Shanghai	Ma Hingfai, Shi Man, Pan Zhuyun, Ding Yi Qin	Ding Yi Qing	021-61418888

During the Reporting Period, there was no change in the above intermediaries.



## Section IX Information on Bonds

### 4. Use of proceeds as at the end of the Reporting Period

Unit: 100 million Currency: RMB

Name of bonds	Total proceeds	Amount utilized	Amount unutilized	Operation of special account for proceeds (if any)	Rectification of non-compliance in the use of proceeds (if any)	Compliance with the use, plan of use and other agreements as committed in the prospectus
2017 Corporate Bonds publicly issued by DFZQ	40	40	0	Normal	Nil	Yes
2020 Perpetual Subordinated Bonds publicly issued by DFZQ (first tranche)	50	50	0	Normal	Nil	Yes
2021 Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche)	40	40	0	Normal	Nil	Yes
2021 Subordinated Bonds publicly issued by DFZQ (first tranche)	25	25	0	Normal	Nil	Yes
2021 Subordinated Bonds publicly issued by DFZQ (second tranche) (Type 1)	30	30	0	Normal	Nil	Yes
2021 Subordinated Bonds publicly issued by DFZQ (second tranche) (Type 2)	15	15	0	Normal	Nil	Yes
2021 Corporate Bonds publicly issued by DFZQ (for professional investors) (second tranche)	40	40	0	Normal	Nil	Yes
2022 Subordinated Bonds publicly issued by DFZQ (for professional investors) (first tranche)	25	25	0	Normal	Nil	Yes
2022 Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche) (Type 1)	20	20	0	Normal	Nil	Yes
2022 Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche) (Type 2)	15	15	0	Normal	Nil	Yes
2022 Corporate Bonds publicly issued by DFZQ (for professional investors) (second tranche)	20	20	0	Normal	Nil	Yes
2022 Subordinated Bonds publicly issued by DFZQ (for professional investors) (second tranche)	35	35	0	Normal	Nil	Yes
2022 Corporate Bonds publicly issued by DFZQ (for professional investors) (third tranche)	35	35	0	Normal	Nil	Yes
2023 Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche) (Type 1)	15	15	0	Normal	Nil	Yes

## Section IX Information on Bonds

Name of bonds	Total proceeds	Amount utilized	Amount unutilized	Operation of special account for proceeds (if any)	Rectification of non-compliance in the use of proceeds (if any)	Compliance with the use, plan of use and other agreements as committed in the prospectus
2023 Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche) (Type 2)	25	25	0	Normal	Nil	Yes
2023 Corporate Bonds publicly issued by DFZQ (for professional investors) (second tranche)	16	16	0	Normal	Nil	Yes
2023 Subordinated Bonds publicly issued by DFZQ (for professional investors) (first tranche)	30	30	0	Normal	Nil	Yes
2023 Corporate Bonds publicly issued by DFZQ (for professional investors) (third tranche)	30	30	0	Normal	Nil	Yes
2023 Subordinated Bonds publicly issued by DFZQ (for professional investors) (second tranche)	30	30	0	Normal	Nil	Yes
2023 Short-term Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche)	16	16	0	Normal	Nil	Yes
2023 Subordinated Bonds publicly issued by DFZQ (for professional investors) (third tranche) (Type 1)	28	28	0	Normal	Nil	Yes
2023 Subordinated Bonds publicly issued by DFZQ (for professional investors) (third tranche) (Type 2)	7	7	0	Normal	Nil	Yes
2023 Subordinated Bonds publicly issued by DFZQ (for professional investors) (fourth tranche)	20	20	0	Normal	Nil	Yes

5. There were no adjustments to the credit rating results of the corporate bonds during the Reporting Period.
6. There were no implementation or changes in guarantees, repayment plans and other repayment guarantees in respect of the corporate bonds during the Reporting Period.

## Section IX Information on Bonds

### 7. Other information on Company's bonds

#### (1) The structure of interest-bearing debts of the parent company

As at the beginning and the end of the Reporting Period, the balance of interest-bearing debts of the parent company was RMB146.044 billion and RMB172.098 billion, respectively, representing a year-on-year change of 17.84% during the Reporting Period.

Unit: 100 million Currency: RMB

Category of interest-bearing debts <sup>1</sup>	Maturity period			Total amount	Proportion of amount in interest-bearing debts (%)
	Overdue	Within 1 year (inclusive)	Over 1 year (Excluding)		
Short-term borrowings	-	-	-	-	0.00
Short-term financing bills payable	-	27.98	-	27.98	1.62
Financial liabilities held for trading	-	129.13	6.94	136.07	7.91
Placements from banks and financial institutions	-	256.70	-	256.70	14.92
Financial assets sold under repurchase agreements	-	720.07	-	720.07	41.84
Bond payables	-	173.23	406.94	580.17	33.71
<b>Total</b>	-	<b>1,307.11</b>	<b>413.88</b>	<b>1,720.98</b>	<b>100.00</b>

## Section IX Information on Bonds

### (2) Structure of consolidated interest-bearing debts of the Company

As at the beginning and the end of the Reporting Period, the balance of interest-bearing debts of the Company within the scope of the Company's consolidated statements was RMB154.586 billion and RMB178.921 billion, respectively, representing a year-on-year change of 15.74% in the balance of interest-bearing debts during the Reporting Period.

Unit: 100 million Currency: RMB

Category of interest-bearing debts <sup>1</sup>	Maturity period			Total amount	Proportion of amount in interest-bearing debts (%)
	Overdue	Within 1 year (inclusive)	Over 1 year (Excluding)		
Short-term borrowings	–	17.00	–	17.00	0.95
Short-term financing bills payable	–	27.98	–	27.98	1.56
Financial liabilities held for trading	–	134.47	14.33	148.80	8.32
Placements from banks and financial institutions	–	256.70	–	256.70	14.35
Financial assets sold under repurchase agreements	–	737.16	–	737.16	41.20
Bond payables	–	173.24	428.34	601.58	33.62
<b>Total</b>	–	<b>1,346.55</b>	<b>442.67</b>	<b>1,789.21</b>	<b>100.00</b>

(3) For details of offshore bonds issued by the Company, please refer to Note 49 to the consolidated financial statements in this report.

<sup>1</sup> As at the end of the Reporting Period, the size of existing perpetual subordinated bonds of the parent company was RMB5 billion, which was classified as equity instruments and was not included in the above-mentioned interest-bearing liabilities. Among the existing corporate credit bonds of the parent company and the Company on a consolidated basis, the balance of corporate bonds was RMB56.575 billion, and a total of RMB18.933 billion of corporate credit bonds will be due in 2024.

## Section IX Information on Bonds

(i) Accounting data and financial indicators of the Company for the recent two years as at the end of the Reporting Period

Unit: '000 Currency: RMB

Major indicators	2023	2022	Increase or decrease in the current period as compared with the corresponding period of last year (%)	Reason for change
Net profit attributable to shareholders of the listed company after deducting non-recurring gains or losses	2,628,281	2,858,210	(8.04)	Decrease in total profit
Current ratio	1.19	1.32	(9.85)	Increase in current liabilities
Quick ratio	1.19	1.32	(9.85)	Increase in current liabilities
Gearing ratio (%)	71.04	68.41	Increased by 2.63 percentage points	Increase in debt
EBITDA to total debts ratio	0.04	0.05	(20.00)	Increase in external debt
Interest coverage ratio	1.70	1.86	(8.60)	Increase in interest expenses
Cash interest coverage ratio	10.21	8.91	14.59	Decrease in cash interest expenses
EBITDA interest coverage ratio	1.89	2.06	(8.25)	Increase in interest expenses
Loan repayment rate (%)	100.00	100.00	- /	
Interest repayment ratio (%)	100.00	100.00	- /	

II. DURING THE REPORTING PERIOD, THE COMPANY HAD NO CONVERTIBLE CORPORATE BONDS.

## Section X Information Disclosures of Securities Company

### I. RELEVANT INFORMATION ON MATERIAL ADMINISTRATIVE LICENSES OF THE COMPANY

No.	Issued by	Title of document	Number of document	Issuing date
1	CSRC	Reply on Approving the Proposed Absorption of and Merger with Orient Securities Investment Banking Co., Ltd. by 東方證券股份有限公司 and Change of Business Scope of 東方證券股份有限公司	CSRC Approval [2023] No. 425	February 28, 2023
2	CSRC	Approval Regarding the Registration of Corporate Bonds Publicly Issued by 東方證券股份有限公司 to Professional Investors	CSRC Approval [2023] No. 2089	September 7, 2023

By order of the Board of Directors  
**JIN Wenzhong**  
Chairman

Shanghai, PRC  
March 27, 2024

## Appendix I: Information on Securities Branches of the Company

As at the end of the Reporting Period, the Company had 179 securities branches.

Name of securities branches	Registered address (PRC)	Date of establishment
Shanghai Yangpu District Yangshupu Road Securities Branch of 東方證券股份有限公司	2/F, No. 318 Yangshupu Road, Yangpu District, Shanghai	December 9, 1993
Shanghai Jing'an District Urumqi North Road Securities Branch of 東方證券股份有限公司	2/F, No. 480 Urumqi North Road, Jing'an District, Shanghai	October 28, 1994
Shanghai Pudong New Area Nanmen Street Securities Branch of 東方證券股份有限公司	No. 128 Nanmen Street, Pudong New Area, Shanghai	February 20, 1995
Shenzhen Jintian Road Securities Branch of 東方證券股份有限公司	Units 01 and 02, 17/F, Dinghe Tower, No. 100 Fuhua 3rd Road, Futian District, Shenzhen, Guangdong Province	July 6, 1995
Shanghai Hongkou District Quyang Road Securities Branch of 東方證券股份有限公司	(1-2/F), Block A, No. 259 & 267 Quyang Road, Hongkou District, Shanghai	June 23, 1998
Shanghai Baoshan District Changjiang West Road Securities Branch of 東方證券股份有限公司	Room A-B, 1/F and East Side of 2/F, Block 5, No. 1788 Changjiang West Road, Baoshan District, Shanghai	June 23, 1998
Shanghai Hongkou District Haining Road Securities Branch of 東方證券股份有限公司	307 Haining Road, Hongkou District, Shanghai (Room C, 1/F, 12/F)	June 23, 1998
Shanghai Huangpu District Beijing East Road Securities Branch of 東方證券股份有限公司	Main Building, 5/F, No. 270 Beijing East Road, Huangpu District, Shanghai	June 23, 1998
Shanghai Huangpu District Fengyang Road Securities Branch of 東方證券股份有限公司	2/F, No. 310 Fengyang Road, Huangpu District, Shanghai	June 23, 1998
Shanghai Huangpu District Zhonghua Road Securities Branch of 東方證券股份有限公司	Room 301-304 & 803, 804, West Side, No. 1600 Zhonghua Road, Huangpu District, Shanghai	June 23, 1998
Shanghai Jiading District Cao'an Highway Securities Branch of 東方證券股份有限公司	Room 106, 107, 1/F and Room A204, 2/F, No. 1685 Cao'an Highway, Jiading District, Shanghai	June 23, 1998
Shanghai Jing'an District Wanrong Road Securities Branch of 東方證券股份有限公司	102-1, 703-2, 703-3, No. 1 Building, Lane 777 Wanrong Road, Jing'an District, Shanghai	June 23, 1998

## Appendix I: Information on Securities Branches of the Company

Name of securities branches	Registered address (PRC)	Date of establishment
Shanghai Minhang District Dushi Road Securities Branch of 東方證券股份有限公司	Room 107, 1/F, No. 27 and Room 310, 3/F, No. 13, Lane 2635 Dushi Road, Minhang District, Shanghai	June 23, 1998
Shanghai Minhang District Heqing Road Securities Branch of 東方證券股份有限公司	No. 338 Heqing Road, Minhang District, Shanghai	June 23, 1998
Shanghai Pudong New Area Mudan Road Securities Branch of 東方證券股份有限公司	6/F, No. 60 Mudan Road, Pudong New Area, Shanghai	June 23, 1998
Shanghai Pudong New Area Pingdu Road Securities Branch of 東方證券股份有限公司	Room 247, Block 3, No. 258 Pingdu Road, Pudong New Area, Shanghai	June 23, 1998
Shanghai Pudong New Area Xinchuan Road Securities Branch of 東方證券股份有限公司	No. 611 Xinchuan Road, Pudong New Area, Shanghai	June 23, 1998
Shanghai Pudong New Area Yaohua Road Securities Branch of 東方證券股份有限公司	Room 107, 1/F and 16/F, No.488 Yaohua Road, Pudong New Area, Shanghai	June 23, 1998
Shanghai Pudong New Area Yuanshen Road Securities Branch of 東方證券股份有限公司	3/F, Pingan Wealth Building, No. 1088 Yuanshen Road, Pudong New Area, Shanghai	June 23, 1998
Shanghai Pudong New Area Zhoudong Road Securities Branch of 東方證券股份有限公司	No. 716 & 718 Zhoudong Road; 1/F & 2/F, No. 4128 Chuanzhou Road, Pudong New Area, Shanghai	June 23, 1998
Shanghai Putuo District Guangxin Road Securities Branch of 東方證券股份有限公司	Room 401-403, Room 405-406 & Room 2201-2203, No. 88 Guangxin Road, Putuo District, Shanghai	June 23, 1998
Shanghai Putuo District Yunling East Road Securities Branch of 東方證券股份有限公司	Room 202, 2/F, No. 235 & 245, Yunling East Road, Putuo District, Shanghai	June 23, 1998
Shanghai Xuhui District Guangyuan West Road Securities Branch of 東方證券股份有限公司	Room B & C, 6/F, Block 2, No. 315 Guangyuan West Road, Xuhui District, Shanghai	June 23, 1998
Shanghai Xuhui District Yishan Road Securities Branch of 東方證券股份有限公司	Unit 107, 1/F and Unit 201, 2/F, Building 85, No.700 Yishan Road, Xuhui District, Shanghai	June 23, 1998



## Appendix I: Information on Securities Branches of the Company

Name of securities branches	Registered address (PRC)	Date of establishment
Shanghai Xuhui District Yunjin Road Securities Branch of 東方證券股份有限公司	Unit 05-08, 9/F, No.700 Yunjin Road, Xuhui District, Shanghai	June 23, 1998
Shanghai Yangpu District Anbo Road Securities Branch of 東方證券股份有限公司	Room 2, 1/F, 2/F & 3/F, No. 521 Anbo Road, Yangpu District, Shanghai	June 23, 1998
Shanghai Changning District Changning Road Securities Branch of 東方證券股份有限公司	Unit 1303, Block 1, No. 546 Changning Road, Changning District, Shanghai	June 23, 1998
Shanghai Changning District Zunyi South Road Securities Branch of 東方證券股份有限公司	Room 101, No. 88 Zunyi South Road, Changning District, Shanghai	June 23, 1998
Fushun Liaozhong Street Securities Branch of 東方證券股份有限公司	3-6/F, No.25-2 Liaozhong Street, Wanghua District, Fushun, Liaoning Province	August 18, 1998
Fushun Yumin Road Securities Branch of 東方證券股份有限公司	No. 15, Yumin Road, Xinfu District, Fushun, Liaoning Province (4/F & 5/F, Bldg. No. 6, Zheshang International Trade Center)	August 18, 1998
Beijing Anli Road Securities Branch of 東方證券股份有限公司	No.202 and No.203, 2/F and No.301, 3/F, Building 27, No.8 Beichen East Road, Chaoyang District, Beijing	April 4, 2001
Chengdu Jianshe Road Securities Branch of 東方證券股份有限公司	Suite 2102 & 2103, 21/F, Block 1, No. 9 and 1/F, No.2 Jianshe Road, Chenghua District, Chengdu, Sichuan Province	April 11, 2001
Fushun Xinhua Street Securities Branch of 東方證券股份有限公司	Outlet No. 7, Building 20, Xinhua Street, Shuncheng District, Fushun, Liaoning Province	March 28, 2002
Guangzhou Baogang Avenue Securities Branch of 東方證券股份有限公司	5/F, No. 283 Baogang Avenue, Haizhu District, Guangzhou, Guangdong Province	April 21, 2002
Changsha Laodong West Road Securities Branch of 東方證券股份有限公司	Shop at Southeast Corner, 1/F of Podium and Zone A, 7/F, Zhongtian Power Building, No. 471 Laodong West Road, Yuhua District, Changsha	June 7, 2002
Hangzhou Xinye Road Securities Branch of 東方證券股份有限公司	Room 1302 and 1303, Tower B, Hualian Times Building, Shangcheng District, Hangzhou, Zhejiang Province	August 7, 2002
Suzhou Xihuan Road Securities Branch of 東方證券股份有限公司	1/F, North Podium, No. 2115 Xihuan Road, Suzhou, Jiangsu Province	August 12, 2005

## Appendix I: Information on Securities Branches of the Company

Name of securities branches	Registered address (PRC)	Date of establishment
Guilin Zhongshan Middle Road Securities Branch of 東方證券股份有限公司	North Zone, 4/F, Jintai Building, No. 16 Zhongshan Middle Road, Xiangshan District, Guilin	May 10, 2006
Nanjing Beijing East Road Securities Branch of 東方證券股份有限公司	Art & Crafts Building, No. 31 Beijing East Road, Xuanwu District, Nanjing, Jiangsu Province	May 10, 2006
Tianjin Xikang Road Securities Branch of 東方證券股份有限公司	2/F, No. 42 Xikang Road, Xinxing Street, Heping District, Tianjin	May 10, 2006
Wuhan Sanyang Road Securities Branch of 東方證券股份有限公司	Room 2, 1/F, South Zone of Room 1, 5/F, Block A, Jinyang New City, No. 118 Sanyang Road, Siwei Subdistrict, Jiang'an District, Wuhan, Hubei Province	May 11, 2006
Beihai Beihai Avenue Securities Branch of 東方證券股份有限公司	No. 0301, 3/F, Fengsheng Building, No. 187 Beihai Avenue, Beihai, Guangxi Zhuang Autonomous Region	May 12, 2006
Shantou Changping Road Securities Branch of 東方證券股份有限公司	1/F & 9/F-11/F, Yiyuan Building, No. 161 Changping Road, Shantou, Guangdong Province	May 12, 2006
Nanning Jinhu Road Securities Branch of 東方證券股份有限公司	Shop No. 10, 1/F and No. 2A4/2A5, 2/F, Oriental International Business Port, No. 26-1, Jinhu Road, Nanning, Guangxi Zhuang Autonomous Region	May 15, 2006
Shanghai Yangpu District Kongjiang Road Securities Branch of 東方證券股份有限公司	Room 101, Room 2508, No. 1555, Kongjiang Road, Yangpu District, Shanghai	May 15, 2006
Shenyang Nanba Middle Road Securities Branch of 東方證券股份有限公司	1-4/F, No. 25 Nanba Middle Road, Tiexi District, Shenyang, Liaoning Province	May 15, 2006
Shenyang Changbai Third Street Securities Branch of 東方證券股份有限公司	1-3/F, No. 211 Changbai Third Street, Heping District, Shenyang, Liaoning Province	May 15, 2006
Shenyang Dabeiguan Street Securities Branch of 東方證券股份有限公司	3-4/F, No. 79 Dabeiguan Street, Dadong District, Shenyang, Liaoning Province	May 16, 2006
Shanghai Pudong New Area Zhangyang Road Securities Branch of 東方證券股份有限公司	2/F, Zone A, No. 638 Zhangyang Road, China (Shanghai) Pilot Free Trade Zone	May 17, 2006
Shenzhen Shennan Avenue Securities Branch of 東方證券股份有限公司	22/F, Block A, East Pacific International Center, No. 7888 Shennan Avenue, Futian District, Shenzhen, Guangdong Province	May 18, 2006

## Appendix I: Information on Securities Branches of the Company

Name of securities branches	Registered address (PRC)	Date of establishment
Shenyang Shifu Road Securities Branch of 東方證券股份有限公司	Gates 2 and 3, No.423 Shifu Road, Shenhe District, Shenyang, Liaoning Province	June 14, 2006
Beijing Xueyuan Road Securities Branch of 東方證券股份有限公司	12/F, Block B, Techart Plaza, No. 30 Xueyuan Road, Haidian District, Beijing	July 18, 2006
Changchun Tongzhi Street Securities Branch of 東方證券股份有限公司	Rooms 705, 707-712, 7/F, Torch Building, 2400 Tongzhi Street, Chaoyang District, Changchun, Jilin Province	July 31, 2006
Hangzhou Longjing Road Securities Branch of 東方證券股份有限公司	No. 53 Longjing Road, Hangzhou, Zhejiang Province	August 1, 2006
Guangzhou Pingyue Road Securities Branch of 東方證券股份有限公司	No. 161 Pingyue Road, Guangzhou, Guangdong Province	August 29, 2006
Jinan Huaxin Road Securities Branch of 東方證券股份有限公司	Room 108, Room 1302-1307 and Room 1309, Licheng Finance Building, Block 7, Xinyuanxin Center, No.3 Huaxin Road, Licheng District, Jinan	April 9, 2007
Qunzhong East Road Securities Branch of 東方證券股份有限公司	1/F and 5/F, Sanmu Building, No.93, Qunzhong East Road, Xingang Street, Taijiang District, Fuzhou, Fujian Province	August 24, 2007
Shanghai Songjiang District Huting North Road Securities Branch of 東方證券股份有限公司	Rooms 901-8, 901-9, 901-10 and 901-11 of No. 1 and Room 127 of No. 5, Lane 199 Huting North Road, Songjiang District, Shanghai	June 29, 2010
Shanghai Songjiang District New Songjiang Road Securities Branch of 東方證券股份有限公司	No. 251 New Songjiang Road, Songjiang District, Shanghai	July 5, 2010
Shanghai Jinshan District Weiqing West Road Securities Branch of 東方證券股份有限公司	Rooms 301-311, No. 17, Lane 128 & No. 132, 134, Weiqing West Road, Jinshan District, Shanghai	June 30, 2011
Shanghai Qingpu District Wushebang Road Securities Branch of 東方證券股份有限公司	No. 291 Wushebang Road (street-facing shop at 1/F of Block 3) and No. 289 Wushebang Road (Room 103 at 1/F of Block 4), Qingpu District, Shanghai	July 1, 2011
Hefei Wangjiang West Road Securities Branch of 東方證券股份有限公司	Office 801, 802 & 803, City Plaza, No. 99 Wangjiang West Road, Shushan District, Hefei, Anhui Province	January 31, 2012
Linyi Tongda Road Securities Branch of 東方證券股份有限公司	Room 402, Building 94-2 and Building 6, Xuyang City Landscape Shop, Tongda Road, Lanshan District, Linyi, Shandong Province	February 14, 2012

## Appendix I: Information on Securities Branches of the Company

Name of securities branches	Registered address (PRC)	Date of establishment
Shanghai Jiading District Jinsha Road Securities Branch of 東方證券股份有限公司	5/F, No. 77 Jinsha Road, Jiading District, Shanghai	February 17, 2012
Shanghai Fengxian District Nanting Highway Securities Branch of 東方證券股份有限公司	1-2/F, Block 1, No. 269 Nanting Highway, Nanqiao Town, Fengxian District, Shanghai	February 28, 2012
Shanghai Jiading District Huyi Highway Securities Branch of 東方證券股份有限公司	Room 103, 1/F, No. 1158 Huyi Highway, Jiading District, Shanghai	November 2, 2012
Shanghai Chongming Dongmen Road Securities Branch of 東方證券股份有限公司	No. 425-427 Dongmen Road, Chongming District, Shanghai	November 19, 2012
Shanghai Pudong New Area Jinke Road Securities Branch of 東方證券股份有限公司	Room 216, Block 2, No. 2966 Jinke Road, Pudong New Area, Shanghai	March 31, 2014
Taiyuan Pingyang Road Securities Branch of 東方證券股份有限公司	No. 1001, 1002 & 1003, 1-2/F, Block 171, No. 186 Pingyang Road, Xiaodian District, Taiyuan, Shanxi Province	April 17, 2014
Huzhou Zhicheng Road Securities Branch of 東方證券股份有限公司	18-1-06, 18-2-05, 18-2-06, 18-2-07, 18-2-08, Building 18 (No. 112 Zhicheng Road), Aishan Plaza, Huzhou, Zhejiang Province	April 21, 2014
Nanchang Lvyin Road Securities Branch of 東方證券股份有限公司	Room 2902, 2903, 29/F, Office Building, Lianfa Plaza, No. 129 Lvyin Road, Nanchang, Jiangxi Province	April 23, 2014
Xiangtan Huxiang North Road Securities Branch of 東方證券股份有限公司	0101002-0101003, Block D1-2, Lot D, Xiangyinxicheng, No.3 Huxiang North Road, Baota Subdistrict, Yuetang District, Xiangtan	April 23, 2014
Fushun Suihua Road Securities Branch of 東方證券股份有限公司	No. 45 West Section of Suihua Road, Dongzhou District, Fushun, Liaoning Province	April 25, 2014
Shaoxing Shangyu Liangzhu Avenue Securities Branch of 東方證券股份有限公司	No. 2389 North Section, Shangyu District, Shaoxing, Zhejiang Province	May 16, 2014
Yiwu Jiangbin Middle Road Securities Branch of 東方證券股份有限公司	No. 36 and No. 38 Jiangbin Middle Road and 1-2 Floor, No. 854 Qingyun Street, Choucheng Subdistrict, Yiwu, Zhejiang Province	May 26, 2014
Zhengzhou Huanghe Road Securities Branch of 東方證券股份有限公司	No.109 Courtyard, Huanghe road, Jinshui District, Zhengzhou, Henan Province	May 27, 2014

## Appendix I: Information on Securities Branches of the Company

Name of securities branches	Registered address (PRC)	Date of establishment
Hohhot Wulanchabu East Street Securities Branch of 東方證券股份有限公司	No. 102, 1/F, Tianyi Building, Wulanchabu East Street, Saihan District, Hohhot City, Inner Mongolia Autonomous Region	May 28, 2014
Putian Shengli North Street Securities Branch of 東方證券股份有限公司	1-2/F, No.1102 and No.1106 Shengli North Street, Zhenhai Street, Licheng District, Putian, Fujian Province	May 29, 2014
Chongqing Jinzhou Avenue Securities Branch of 東方證券股份有限公司	Unit 28-35 and 38-41, No. 36 Jinzhou Avenue, New North Zone, Chongqing	June 3, 2014
Chaoyang Chaoyang Street Securities Branch of 東方證券股份有限公司	No. 60, the Third Section of Chaoyang Street, Shuangta District, Chaoyang, Liaoning Province	June 4, 2014
Kunming Bailong Road Securities Branch of 東方證券股份有限公司	No. 1001 & 1008, 10/F, Diangao Commercial Building, No. 19 Bailong Road, Panlong District, Kunming, Yunnan Province	June 5, 2014
Fuzhou Wusi Road Securities Branch of 東方證券股份有限公司	Unit 01-02, 19/F, the Rongdu International Building, No. 82 Wusi Road, Gulou District, Fuzhou, Fujian Province	June 10, 2014
Shanghai Baoshan District Songnan Road Securities Branch of 東方證券股份有限公司	No. 427-1 Songnan Road, Baoshan District, Shanghai (Temporary)	June 12, 2014
Shenzhen Haide Third Road Securities Branch of 東方證券股份有限公司	9/F, Block A, Tiley Central Plaza, No. 199, Haide Third Road, Nanshan District, Shenzhen, Guangdong Province	June 17, 2014
Chengdu Tianfu Avenue Securities Branch of 東方證券股份有限公司	No.1601, 1603, 1605, 1607 & 1609, 16/F, Block 1, No. 1399, the South Section of Tianfu Avenue, High-tech Zone, Chengdu, Sichuan Province	June 24, 2014
Shanghai Pudong New Area Dongyu Road Securities Branch of 東方證券股份有限公司	2/F, No. 10, Lane 255, Dongyu Road, Pudong New Area, Shanghai	June 26, 2014
Guilin Renmin Road Securities Branch of 東方證券股份有限公司	No. 1-2-1 & 1-2-3, Block 1, 2/F, Dashijie Main Building, Renmin Road, Lingui Town, Lingui County, Guilin, Guangxi Zhuang Autonomous Region	July 3, 2014
Lhasa Jinzhu West Road Securities Branch of 東方證券股份有限公司	No.123 Jinzhu West Road, Lhasa	July 10, 2014

## Appendix I: Information on Securities Branches of the Company

Name of securities branches	Registered address (PRC)	Date of establishment
Shanghai Huangpu District Zhongshan South Road First Securities Branch of 東方證券股份有限公司	Room 402, 4/F, No. 318 Zhongshan South Road, Huangpu District, Shanghai	July 14, 2014
Xi'an Tangyan Road Securities Branch of 東方證券股份有限公司	Room 0501, Unit 2, Block 1, Tangyan International Center, No. 3 Tangyan Road, Gaoxin District, Xi'an, Shaanxi Province	July 14, 2014
Shanghai Minhang District Suhong Road Securities Branch of 東方證券股份有限公司	Rooms 109 and 206, No. 29 and 33 Suhong Road, Minhang District, Shanghai	July 15, 2014
Yantai Yingchun Street Securities Branch of 東方證券股份有限公司	Inner No.102, No. 171 Yingchun Street, Laishan District, Yantai, Shandong Province	July 22, 2014
Deyang Lushan South Road Securities Branch of 東方證券股份有限公司	No. 10-12, Section 1, Lushan South Road, Jingyang District, Deyang, Sichuan Province	August 15, 2014
Shanghai Pudong New Area Qifan Road Securities Branch of 東方證券股份有限公司	Shop 140, 1/F, No. 517 Qifan Road and Room 1517, Block B, South Building, No. 515 Qifan Road, Pudong New Area, Shanghai	September 2, 2014
Nanchong Hongguang Road Securities Branch of 東方證券股份有限公司	1/F and 3/F, No.83 Hongguang Road, Shunqing District, Nanchong, Sichuan Province	September 29, 2014
Shanghai Pudong New Area Tang'an Road Securities Branch of 東方證券股份有限公司	No. 782 Tang'an Road, Pudong New Area, Shanghai	October 10, 2014
Shanghai Pudong New Area Yincheng Middle Road Securities Branch of 東方證券股份有限公司	Room 2301 B, No. 488 Yincheng Middle Road, Pudong New Area, Shanghai	May 8, 2015
Zhuzhou Jianshe South Road Securities Branch of 東方證券股份有限公司	No. 320 Jianshe South Road, Lusong District, Zhuzhou, Hunan Province	June 18, 2015
Nantong Renmin Middle Road Securities Branch of 東方證券股份有限公司	No. 60-1 Renmin Middle Road, Nantong, Jiangsu Province	June 25, 2015
Jiangyin Renmin East Road Securities Branch of 東方證券股份有限公司	1/F, No. 112 & 2/F, No. 108, 110, 112, Renmin East Road, Jiangyin, Jiangsu Province	July 9, 2015
Xiamen Xianyue Road Securities Branch of 東方證券股份有限公司	Shop 105 and Shop 108-1, No. 555 Xianyue Road, Siming District, Xiamen, Fujian Province	July 14, 2015
Liuzhou Wenchang Road Securities Branch of 東方證券股份有限公司	No. 2-1, 2, 3, Block 21, Dongjun, No. 26 Wenchang Road, Liuzhou, Guangxi Zhuang Autonomous Region	July 16, 2015
Xi'an Taoyuan South Road Securities Branch of 東方證券股份有限公司	No. 38 Taoyuan South Road, Lianhu District, Xi'an, Shaanxi Province	July 22, 2015

## Appendix I: Information on Securities Branches of the Company

Name of securities branches	Registered address (PRC)	Date of establishment
Beihai Chating Road Securities Branch of 東方證券股份有限公司	No. 1205-1207, Fuyu Building, No. 31 Chating Road, Beihai, Guangxi Zhuang Autonomous Region	July 28, 2015
Jiaxing Guangyi Road Securities Branch of 東方證券股份有限公司	No. 864, 866 and 868 Guangyi Road, Jiaxing Economic and Technological Development Zone, Jiaxing, Zhejiang Province	July 30, 2015
Ningbo Zhongxing Road Securities Branch of 東方證券股份有限公司	(1-2) (2-2), No. 601 Zhongxing Road, Jiangdong District, Ningbo, Zhejiang Province	July 30, 2015
Quanzhou Jinhuai Street Securities Branch of 東方證券股份有限公司	Room 502, Block A, Gas Building, No. 25 Jinhuai Street, Fengze District, Quanzhou, Fujian Province	July 30, 2015
Taizhou South Plaza Road Securities Branch of 東方證券股份有限公司	No. 44, 46 and 48, South Plaza Road, Baiyun Street, Jiaojiang District, Taizhou, Zhejiang Province (self-declared)	July 30, 2015
Harbin Ganshui Road Securities Branch of 東方證券股份有限公司	Shop 14, 1-3/F, Commercial Building, Wanda Commercial Center No. 84 Ganshui Road, Nangang Jizhong District, Harbin Economic-technological Development Zone, Harbin, Heilongjiang Province	July 31, 2015
Haikou Jinlong Road Securities Branch of 東方證券股份有限公司	1/F & 2/F, East Coconut Grove International Building, No. 19 Jinlong Road, Longhua District, Haikou, Hainan Province	August 5, 2015
Lanzhou Nanchang Road Securities Branch of 東方證券股份有限公司	1/F, Shengshi Kaixuan Building, No. 1918 Nanchang Road, Chengguan District, Lanzhou, Gansu Province	August 5, 2015
Guiyang Huaguoyuan Securities Branch of 東方證券股份有限公司	Office Building No. 6, 7, 8, 9, 10, 11 & 12, 40/F, Unit 1, Building 6, Zone F, Pengjiawan Huaguoyuan Project, Huaguoyuan, Nanming District, Guiyang, Guizhou Province	August 7, 2015
Shijiazhuang Tiyu South Street Securities Branch of 東方證券股份有限公司	No. 233 Tiyu South Street, Yuhua District, Shijiazhuang, Hebei Province	August 7, 2015
Wenzhou Xinhe Street Securities Branch of 東方證券股份有限公司	Room 601, Block A, Songtai Building, Xinhe Street, Lucheng District, Wenzhou, Zhejiang Province	August 7, 2015
Urumqi Nanhu Road Securities Branch of 東方證券股份有限公司	No. 4, 5, 6, 3/F, Building Construction Mansion, No. 133 Nanhu Road, Shuimogou District, Urumqi, Xinjiang Uygur Autonomous Region	August 7, 2015

## Appendix I: Information on Securities Branches of the Company

Name of securities branches	Registered address (PRC)	Date of establishment
Wuxi Xinsheng Road Securities Branch of 東方證券股份有限公司	No. 152 Xinsheng Road, Wuxi, Jiangsu Province	August 7, 2015
Xining Huanghe Road Securities Branch of 東方證券股份有限公司	Shop 15, Building 3, No. 21 Huanghe Road, Chengxi District, Xining, Qinghai Province	August 7, 2015
Yinchuan Minzu North Street Securities Branch of 東方證券股份有限公司	2/F, No. 12, Xingqing District, Yinchuan, Ningxia Hui Autonomous Region	August 7, 2015
Zhenjiang Dongwu Road Securities Branch of 東方證券股份有限公司	Room 110, 1/F, Building 1, No. 38 Dongwu Road, Zhenjiang, Jiangsu Province	August 7, 2015
Taiyuan High-tech Street Securities Branch of 東方證券股份有限公司	15/F, No. 15 High-tech Street, High-tech Zone, Taiyuan, Shanxi Province	December 6, 2016
Baotou Qingnian Road Securities Branch of 東方證券股份有限公司	1-A4, Hengyuan Ginza Commercial Building, No. 28 Qingnian Road, Qingshan District, Baotou, Inner Mongolia Autonomous Region	December 19, 2016
Changshu Lizha Road Securities Branch of 東方證券股份有限公司	1/F & 2/F, 21, 22 & 23, No. 65 Lizha Road, Changshu	January 5, 2017
Yangzhou Wenhui East Road Securities Branch of 東方證券股份有限公司	No. 231 Wenhui East Road, Economic Development Zone, Yangzhou, Jiangsu Province	January 5, 2017
Jinhua Bayi North Street Securities Branch of 東方證券股份有限公司	No. 190 Bayi North Street, Wucheng District, Jinhua, Zhejiang Province	January 6, 2017
Zhangjiagang Donghuan Road Securities Branch of 東方證券股份有限公司	Chengnan Building, No. 68 Donghuan Road, Yangshe Town, Zhangjiagang, Jiangsu Province	January 6, 2017
Shaoxing Shengli East Road Securities Branch of 東方證券股份有限公司	No. 402 Shengli East Road & Room 705, 706-1, No. 68 Didanghu Road, Yuecheng District, Shaoxing, Zhejiang Province	March 13, 2017
Xi'an Weiyang Road Securities Branch of 東方證券股份有限公司	Shop 04, 1/F, Building 1, Datang Xinghe Garden, No. 109-1 Weiyang Road, Xi'an, Shaanxi Province	March 30, 2017
Shenzhen Shennan East Road Securities Branch of 東方證券股份有限公司	Room 02, 03 & 05, 19/F, Main Building, Shun Hing Square, No. 5002 Shennan East Road, Guiyuan Street, Luohu District, Shenzhen, Guangdong Province	April 24, 2017
Zhuhai Jida Road Securities Branch of 東方證券股份有限公司	No. 106, 1/F & No. 202, 2/F, Petroleum Building, No. 103 Jida Road, Xiangzhou District, Zhuhai, Guangdong Province	May 5, 2017



## Appendix I: Information on Securities Branches of the Company

Name of securities branches	Registered address (PRC)	Date of establishment
Shanghai Jing'an District Yanping Road Securities Branch of 東方證券股份有限公司	1-2/F, No. 167 Yanping Road, Jing'an District, Shanghai	May 12, 2017
Hefei Meishan Road Securities Branch of 東方證券股份有限公司	Center area of 1/F and whole floor of 2/F, No.19 Meishan Road, Shushan District, Hefei	May 17, 2017
Zibo Liuquan Road Securities Branch of 東方證券股份有限公司	Outlet 16 & 17, Huaxinyuan, No. 258 Liuquan Road, High-tech Zone, Zibo, Shandong Province	May 17, 2017
Tianjin Nanma Road Securities Branch of 東方證券股份有限公司	No. 1201 Nanma Road, Nankai District, Tianjin	July 5, 2017
Wuhu Beijing Middle Road Securities Branch of 東方證券股份有限公司	No. 104 & 501 Jinghu Star, No.1 Beijing Middle Road, Jinghu District, Wuhu, Anhui Province	July 5, 2017
Xuchang Xudu Road Securities Branch of 東方證券股份有限公司	1 & 2/F, Block A, Huitong Commercial Garden, South of Xudu Road & West of Wisdom Building, Dongcheng District, Xuchang, Henan Province	July 5, 2017
Changchun Ziyou Road Securities Branch of 東方證券股份有限公司	Room 110, Block B, The First International Centre, No. 3999 Ziyou Road, Er'dao District, Changchun, Jilin Province	July 5, 2017
Changzhou Longjin Road Securities Branch of 東方證券股份有限公司	Room 102, 1103 & 1104, Building 3, Modern Media Centre, No. 1590 Longjin Road, Xinbei District, Changzhou, Jiangsu Province	July 6, 2017
Jiangmen Yingbin Middle Avenue Securities Branch of 東方證券股份有限公司	Suite 109, 110, 111-1 & 2208-2209, Block 1, No. 118 Middle section of Yingbin Avenue, Pengjiang District, Jiangmen	July 6, 2017
Qingdao Miaoling Road Securities Branch of 東方證券股份有限公司	101-A, No. 36-1, Miaoling Road, Laoshan District, Qingdao, Shandong Province	July 6, 2017
Tangshan Beixin West Road Securities Branch of 東方證券股份有限公司	No. 36-13 Beixin West Road, Lijingqin Garden, Zhangdali, Lubei District, Tangshan, Hebei Province	July 6, 2017
Dalian Taiyuan Street Securities Branch of 東方證券股份有限公司	No. 177-13 Taiyuan Street, Shahekou District, Dalian, Liaoning Province	July 12, 2017
Dongguan Hongfu Road Securities Branch of 東方證券股份有限公司	No. 104 Huicheng Building, No. 102 Hongfu Road, Nancheng Street, Dongguan, Guangdong Province	July 12, 2017

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Name of securities branches	Registered address (PRC)	Date of establishment
Beijing Guomao Securities Branch of 東方證券股份有限公司	Room A111, 1/F & Room A212, 2/F, Block 17, No. 8 Guanghua Road, Chaoyang District, Beijing	July 13, 2017
Chengdu Wanxiang South Road Securities Branch of 東方證券股份有限公司	2/F, No. 231-201 Wanxiang South Road, High-tech Zone, Chengdu, Sichuan Province	July 13, 2017
Xuzhou Heping Road Securities Branch of 東方證券股份有限公司	No. 101-1, Wenyuan Building, Jiangsu Normal University Science & Technology Park, No. 59 Heping Road, Yunlong District, Xuzhou, Jiangsu Province	July 13, 2017
Chongqing Honghu West Road Securities Branch of 東方證券股份有限公司	No. 41 & 43, Honghu West Road, Yubei District, Chongqing	July 13, 2017
Foshan Nanhai North Avenue Securities Branch of 東方證券股份有限公司	17/F, Office Building E, Zone 1, Yunjin Plaza, Yuexiu Xinghui, 84 Nanhai Avenue North, Guicheng Street, Nanhai District, Foshan, Guangdong Province	July 16, 2017
Guangzhou Guangzhou Middle Avenue Securities Branch of 東方證券股份有限公司	301 Self-built Room 2, No. 129-133 Middle section of Guangzhou Avenue, Yuexiu District, Guangzhou, Guangdong Province	July 18, 2017
Luoyang Nanchang Road Securities Branch of 東方證券股份有限公司	No. 107, Block 4, No. 14 Nanchang Road, Jianxi District, Luoyang, Henan Province	July 18, 2017
Zhongshan Zhongshan Fifth Road Securities Branch of 東方證券股份有 限公司	Unit 01, 12/F, Block 3, Zima Benteng Square, No. 2 Zhongshan Fifth Road, Eastern Zhongshan District, Guangdong Province	July 18, 2017
Yichang Xiling First Road Securities Branch of 東方證券股份有限公司	No. 15 Xiling First Road, Xiling District, Yichang, Hubei Province (Shop 117 & 217, Jin'an Downtown)	July 19, 2017
Yueyang Jin'e Middle Road Securities Branch of 東方證券股份有限公司	1/F, Shengxincheng Caizhi Mansion, No. 408 Jin'e Middle Road, Yueyanglou District, Yueyang, Hunan Province	July 19, 2017
Jiujiang Changjiang Avenue Securities Branch of 東方證券股份有限公司	Unit 108-109, Unit 2, Block 2, Xihu Chaisang Spring Zone 2, No. 358 Changjiang Avenue, Jiujiang, Jiangxi Province	April 8, 2019
Jinzhong Dingyang Road Securities Branch of 東方證券股份有限公司	Shops 3-2 and 3-3, No. 500 Dingyang Road, Yuci District, Jinzhong, Shanxi Province	April 9, 2019

## Appendix I: Information on Securities Branches of the Company

Name of securities branches	Registered address (PRC)	Date of establishment
Zhengzhou Wan'an Street Securities Branch of 東方證券股份有限公司	No.103, 104, 105 and 106, 1-2/F, Building 7, No. 6 Wan'an Street, Zhengdong New District, Zhengzhou, Henan Province	April 15, 2019
Hangzhou Jinji Road Securities Branch of 東方證券股份有限公司	No. 327 Jinji Road, Beigan Subdistrict, Xiaoshan District, Hangzhou, Zhejiang Province	April 16, 2019
Nanjing Mochou Lake East Road Securities Branch of 東方證券股份有限公司	No. 8-3, Mochou East Road, Jianye District, Nanjing, Jiangsu Province	April 16, 2019
Ningbo Tiantong North Road Securities Branch of 東方證券股份有限公司	103, 1605 and 1607, Block C, Hebang Mansion, No. 899 Tiantong North Road, Zhonghe Subdistrict, Yinzhou District, Ningbo, Zhejiang Province	April 17, 2019
Xi'an Cuihua Road Securities Branch of 東方證券股份有限公司	Room 204 and 206, 2/F, Building A, Jiahe Commercial Building, No.500 Cuihua Road, Yanta District, Xi'an, Shaanxi Province	April 18, 2019
Yixing Jiefang East Road Securities Branch of 東方證券股份有限公司	Shops 239 and 251, Jiefang East Road, Yicheng Street, Yixing, Jiangsu Province	April 18, 2019
Changsha Renmin East Road Securities Branch of 東方證券股份有限公司	East of No. 107, Block 0, Dongyishiqu Building, No. 38 Renmin East Road, Yuhua District, Changsha, Hunan Province	April 22, 2019
Beijing Wangjing Securities Branch of 東方證券股份有限公司	Floor merchant shop, Block C, 410/F, Zone 4 Wangjingxiyuan, Chaoyang District, Beijing	April 23, 2019
Wuhan Qingnian Road Securities Branch of 東方證券股份有限公司	Unit 09-11, 16/F, China Overseas Center, No. 278 Qingnian Road, Jiangnan District, Wuhan, Hubei Province	April 23, 2019
Weihai Shichang Avenue Securities Branch of 東方證券股份有限公司	Room-1, No. 99A, Shichang Avenue, Weihai, Shandong Province	April 25, 2019
Bengbu Shengli West Road Securities Branch of 東方證券股份有限公司	101#-104#, 122#-126#, 1/F, Building 1, Yinhe Center, No. 28 Shengli West Road, Bengbu, Anhui Province	April 29, 2019
Shenzhen Xinhua Road Securities Branch of 東方證券股份有限公司	Units 08, 09 and 10, 26/F, Block B, Yifang Center, No. 99 Xinhua Road, Xin'an Subdistrict, Bao'an District, Shenzhen, Guangdong Province	April 29, 2019
Weifang Shengli East Street Securities Branch of 東方證券股份有限公司	Shop 1-1-03, Mingyuan Community, No. 4889 Shengli East Street, Kuiwen District, Weifang, Shandong Province	April 29, 2019

## Appendix I: Information on Securities Branches of the Company

Name of securities branches	Registered address (PRC)	Date of establishment
Dongying Fuqian Avenue Securities Branch of 東方證券股份有限公司	22/F, Block A, Huali International Financial Plaza, No.128 Fuqian Avenue, Dongying Development Zone, Shandong Province	May 19, 2020
Hangzhou Shixin North Road Securities Branch of 東方證券股份有限公司	Room 1001, Block 1, Dongfang Zhizun International Center, No. 2028, 2030 and 2032 Shixin North Road, Ningwei Subdistrict, Xiaoshan District, Hangzhou, Zhejiang Province	October 9, 2020
Baoding Ruixiang Avenue Securities Branch of 東方證券股份有限公司	Building No.9, Yunxi Jiucheng Commercial Center, No. 1988 Ruixiang Avenue, Lianchi District, Baoding, Hebei Province	December 7, 2020
Jincheng Hongxing East Street Securities Branch of 東方證券股份有限公司	Shop 3, 1/F and 2/F, Block C, Taifu Xinju, Hongxing East Street, Cheng District, Jincheng, Shanxi Province	December 8, 2020
Yuncheng Hedong East Street Securities Branch of 東方證券股份有限公司	1/F, Huixin Building, No. 195 Hedong East Street, Yanhu District, Yuncheng, Shanxi Province	December 9, 2020
Datong Yuhe West Road Securities Branch of 東方證券股份有限公司	Shop 2384 of the Outlying Shops, Yujinyuan Phase II, Yuhe West Road, Pingcheng District, Datong, Shanxi Province	December 11, 2020
Langfang Art Avenue Securities Branch of 東方證券股份有限公司	No. 409 Art Avenue (No. 101, 1/F, Unit 1, Block 28, Peacock Huijingxuan), Guangyang District, Langfang, Hebei Province	December 11, 2020
Qingdao Yanji Road Securities Branch of 東方證券股份有限公司	No. 76-41, Building No. 6, No. 76 Yanji Road, Shibe District, Qingdao	December 16, 2020
Wenzhou Tangjiaqiao Road Securities Branch of 東方證券股份有限公司	No. 439 Tangjiaqiao Road, Nanhui Subdistrict, Lucheng District, Wenzhou, Zhejiang Province	December 18, 2020
Kaifeng Zhengkai Avenue Securities Branch of 東方證券股份有限公司	Part of 1/F and 2/F, Block A, Dichen World Expo Plaza, No. 28 Zhengkai Avenue, Longting District, Kaifeng, Henan Province	October 18, 2022
Lvliang Binhe South Middle Road Securities Branch of 東方證券股份有限公司	Room 203, 2/F, Block 1, No. 238 Binhe South Middle Road (Upper level of the North Gate of Municipal Communist Party Committee), Binhe Subdistrict, Lishi District, Lvliang, Shanxi Province	October 24, 2022
Shanghai Pudong New Area Huanhu West Number One Road Securities Branch of 東方證券股份有限公司	Room 606, Units 859-863, Huanhu West Number One Road, Lin-gang Special Area, China (Shanghai) Pilot Free Trade Zone	December 15, 2023

## Appendix II: Information on Futures Branches of the Company

As at the end of the Reporting Period, the Company had 10 futures branches and 35 futures outlets.

Name of futures branch offices	Registered address (PRC)	Date of establishment
Dalian Branch of Orient Securities Futures Co., Ltd.	Room 2411, 2412, 3501-3507 and 3510-1, Dalian Futures Building, Block A, Dalian International Financial Center, No. 129 Huizhan Road, Shahekou District, Dalian	January 16, 2009
Shanghai Fushan Road Outlet of Orient Securities Futures Co., Ltd.	Room 1107, No. 458 Fushan Road, China (Shanghai) Pilot Free Trade Zone	May 19, 2009
Zhengzhou Outlet of Orient Securities Futures Co., Ltd.	Room 1301, Futures Building, No. 30, Shangwu Waihuan Road, Zhengdong New District, Zhengzhou, Henan Province	July 2, 2009
Changsha Outlet of Orient Securities Futures Co., Ltd.	2118, Kaibin Commercial Plaza, No. 419 Shaoshan Middle Road, Yuhua District, Changsha, Hunan Province	November 24, 2009
Beijing Branch of Orient Securities Futures Co., Ltd.	302 and 303, 3/F, Building No. 27, Courtyard No. 8, Beichen East Road, Chaoyang District, Beijing	December 28, 2009
Changzhou Outlet of Orient Securities Futures Co., Ltd.	Room 1618-1658, No. 23, 25, 27 & 29, Yanling West Road, Changzhou, Jiangsu Province	July 5, 2010
Taiyuan Outlet of Orient Securities Futures Co., Ltd.	14/F, Unit 1, No. 1 Jifu Road, Jinyuan District, Taiyuan, Shanxi Province	November 29, 2010
Shanghai Branch of Orient Securities Futures Co., Ltd.	Room 3105, Building 2, No. 318 Zhongshan South Road, Huangpu District, Shanghai	August 3, 2011
Guangzhou Outlet of Orient Securities Futures Co., Ltd.	Room 2304, No. 365-1, Tianhe North Road, Tianhe District, Guangzhou	October 17, 2012
Qingdao Outlet of Orient Securities Futures Co., Ltd.	Room 3006, Building D3, No. 6 Shandong Road, Shinan District, Qingdao, Shandong Province	May 16, 2013
Ningbo Outlet of Orient Securities Futures Co., Ltd.	13-7, No. 288 Jiahui Street, Yinzhou District, Ningbo	February 24, 2014
Shenzhen Outlet of Orient Securities Futures Co., Ltd.	7A, Times Fortune Building, South Eastern Part, Central Area, Futian District, Shenzhen	May 16, 2014
Shanghai Pilot Free Trade Zone Outlet of Orient Securities Futures Co., Ltd.	Room 1303, 13/F, No. 5 Bibo Road, China (Shanghai) Pilot Free Trade Zone	May 29, 2014
Hangzhou Outlet of Orient Securities Futures Co., Ltd.	Room 907, Building 2, Qianjiang International Times Square, Jianggan District, Hangzhou, Zhejiang Province	June 18, 2014
Sichuan Branch of Orient Securities Futures Co., Ltd.	No. 330, Huayang Haichang Road, Chengdu Tianfu New District, China (Sichuan) Pilot Free Trade Zone, Sichuan Province	January 7, 2015

## Appendix II: Information on Futures Branches of the Company

Name of futures branch offices	Registered address (PRC)	Date of establishment
Xi'an Outlet of Orient Securities Futures Co., Ltd.	Room 904, 9/F, Block A, Building 2, National University Technology Park Science and Technology Incubate Base, No. 755 Yanxingmen West Road, Yanta District, Xi'an, Shaanxi Province	January 15, 2015
Xiamen Outlet of Orient Securities Futures Co., Ltd.	Room 908, Fortune Center, No. 100 Lujiang Road, Siming District, Xiamen, Fujian Province	January 23, 2015
Dongying Outlet of Orient Securities Futures Co., Ltd.	Room 903, Block 1, Guomao Building, No. 53, Fuqian Street, Dongying District, Dongying, Shandong Province	March 17, 2015
Tianjin Outlet of Orient Securities Futures Co., Ltd.	1-1-2406, Rongqiao Center, Building 1, Shanglanyuan, Intersection of Changjiang Avenue and Naikai Liuma Road, Nankai District, Tianjin	March 23, 2015
Harbin Outlet of Orient Securities Futures Co., Ltd.	No. 1103 & 1104, 11/F, Unit 1, Block 3, Fortune Center, Enclosure Area of Qunli Avenue, Lingjiang Road and Qunli Fourth Avenue, Qunli New District, Daoli District, Harbin, Heilongjiang Province	April 3, 2015
Beijing Chaoyangmen Outlet of Orient Securities Futures Co., Ltd.	Room 401-402, 4/F, No. 22 Chaowai Street, Chaoyang District, Beijing	September 8, 2015
Chongqing Outlet of Orient Securities Futures Co., Ltd.	4-3, No. 2 Qingyun Road, Jiangbei District, Chongqing	May 19, 2016
Hangzhou Jiaogong Road Outlet of Orient Securities Futures Co., Ltd.	Room 1405, Block 1 (Area C), EAC World Trade Lijing Building, West Lake District, Hangzhou, Zhejiang Province	July 1, 2016
Shantou Outlet of Orient Securities Futures Co., Ltd.	Room 1105 & 1107, Hanjiang Building, Block 17, West 3rd District, Danyangzhuang, Longhu District, Shantou, Guangdong Province	July 5, 2018
Quanzhou Outlet of Orient Securities Futures Co., Ltd.	Unit 1203, Block A, Gas Building, No. 25 Jinhua Street, Fengze District, Quanzhou, Fujian Province	July 13, 2018
Ningbo Tiantong South Road Outlet of Orient Securities Futures Co., Ltd.	Room 1305, Lane 577, Tiantong South Road, Yinzhou District, Ningbo, Zhejiang Province	July 18, 2018
Shenyang Outlet of Orient Securities Futures Co., Ltd.	(2308) No. 49, Xinghua North Street, Tiexi District, Shenyang, Liaoning Province	August 7, 2018

## Appendix II: Information on Futures Branches of the Company

Name of futures branch offices	Registered address (PRC)	Date of establishment
Suzhou Outlet of Orient Securities Futures Co., Ltd.	Room 3602-1, Block 2, Oriental Gate Building, No. 199 Xinggang Street, Suzhou Industrial Park, China (Jiangsu) Pilot Free Trade Zone Suzhou Area	October 11, 2018
Nantong Outlet of Orient Securities Futures Co., Ltd.	Room 1401, South Building, Yuanrong Plaza, No. 57 Gongnong Road, Chongchuan District, Nantong, Jiangsu Province	December 10, 2018
Zhejiang Branch of Orient Securities Futures Co., Ltd.	Room 3806, Yintai International Commercial Center, No. 1600 Kejiguan Street, Changhe Subdistrict, Binjiang District, Hangzhou, Zhejiang Province	December 17, 2018
Wuxi Outlet of Orient Securities Futures Co., Ltd.	Room 3007, Yunfu Building, No. 288-2801 Zhongshan Road, Liangxi District, Wuxi	March 19, 2019
Shandong Branch of Orient Securities Futures Co., Ltd.	1-1801, Yinzuo Haowangjiao Plaza, No. 800 Minghu West Road, Tianqiao District, Jinan, Shandong Province	March 19, 2019
Zhengzhou Shangdu Road Outlet of Orient Securities Futures Co., Ltd.	No. 7 and 8, 2/F, Caixin Building, No. 27 Yongping Road Community, Shangdu Road, Zhengdong New Area, Zhengzhou, Henan Province	April 22, 2021
Nanjing Outlet of Orient Securities Futures Co., Ltd.	Room 706 (Room 1006, 10/F for Lift), No. 188 Lushan Road, Jianye District, Nanjing	July 28, 2021
Fujian Branch of Orient Securities Futures Co., Ltd.	Unit 01, 27/F, Xiamen Fortune Center, No. 100 Lujiang Avenue, Siming District, Xiamen	January 10, 2022
Fuzhou Outlet of Orient Securities Futures Co., Ltd.	Room 1005 and 1006, Building #1, New Qiaolian Plaza, No. 106 Wuyi North Road, Dongjie Subdistrict, Gulou District, Fuzhou	September 13, 2022
Taizhou Outlet of Orient Securities Futures Co., Ltd.	No. 396 Yunxi Road, Jiazhi Subdistrict, Jiaojiang District, Taizhou, Zhejiang Province	October 17, 2022
Wuhan Outlet of Orient Securities Futures Co., Ltd.	Unit 6, 14/F, Building T2, Block T2-P3, No. 17 Jingwu Road (Phase III of Yuexiu International Finance Center), Jiangnan District, Wuhan	October 25, 2022

## Appendix II: Information on Futures Branches of the Company

Name of futures branch offices	Registered address (PRC)	Date of establishment
Nanjing Hanzhong Road Outlet of Orient Securities Futures Co., Ltd.	Room E-1, 12/F, No. 1 Hanzhong Road, Qinhuai District, Nanjing	October 27, 2022
Shenzhen Branch of Orient Securities Futures Co., Ltd.	4D, Nuode Financial Center, No.1006 Fuzhong Third Road, Fuzhong Community, Lianhua Subdistrict, Futian District, Shenzhen	January 18, 2023
Shenzhen Yitian Road Outlet of Orient Securities Futures Co., Ltd.	1006 B, New World Commercial Center, No. 6009 Yitian Road, Fuxin Community, Lianhua Subdistrict, Futian District, Shenzhen	February 23, 2023
Suzhou Industrial Park Outlet of Orient Securities Futures Co., Ltd.	Room 1801, Building No. 1, Nisheng Plaza, No. 205 Suzhou Avenue West, Suzhou Industrial Park of China (Jiangsu) Pilot Free Trade Zone (in Suzhou)	March 1, 2023
Beijing First Branch of Orient Securities Futures Co., Ltd.	Room 09-10A, 37/F, Building No.1, Jing Guang Centre, Hujialou, Chaoyang District, Beijing	April 27, 2023
Wuhan Jiefang Avenue Outlet of Orient Securities Futures Co., Ltd.	Room 1702, Tongxin Commercial Building, No. 586 Jiefang Avenue, Qiaokou District, Wuhan	November 20, 2023
Wuhan Branch of Orient Securities Futures Co., Ltd.	2609 B-10, Building 1, No. 5 Wuhan Tiandi Enterprise Center, No.1628 Zhongshan Road, Jiang'an District, Wuhan, Hubei Province	December 20, 2023



## Appendix III: Information Disclosure Index

1. During the Reporting Period, the information disclosed by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily and the website of the SSE ([www.sse.com.cn](http://www.sse.com.cn)) is set out below:

<b>Date of announcement</b>	<b>Subject</b>
2023/01/04	H Shares Announcement
2023/02/02	H Shares Announcement
2023/02/04	Announcement on the Receipt of No-Objection Letter Issued by CSRC Concerning the Proprietary Trading of Carbon Emission Rights
2023/02/18	Announcement on Preliminary Financial Data for the Year of 2022
2023/02/22	Announcement on Resolution of the 22nd Meeting of the Fifth Session of the Board
2023/03/02	H Shares Announcement
2023/03/06	Announcement on Approval from CSRC for the Proposed Absorption of and Merger with Orient Securities Investment Banking Co., Ltd., a Wholly-owned Subsidiary of the Company
2023/03/16	H Shares Announcement
2023/03/24	Announcement in Relation to the Briefing on the Annual Results of 2022

## Appendix III: Information Disclosure Index

Date of announcement	Subject
2023/03/31	2022 Corporate Social Responsibility Report, Financial Statements and Audit Report, the Special Inspection Opinions of China International Capital Corporation Limited and Orient Securities Investment Banking Co., Ltd. on the Deposit and Actual Use of Proceeds Raised by 東方證券股份有限公司 in 2022, Special Reports and Audit Reports on the Deposit and Actual Use of Proceeds Raised for the Year of 2022, 2022 Annual Report, Announcement on Expected Provision of External Guarantee by the Company in 2023, the Internal Control Evaluation Report in 2022, Special Report on the Deposit and Actual Use of Proceeds Raised for the Year of 2022, the Work Report of the Independent Directors in 2022, the Audit Report on Internal Control, Announcement on Renewal of Engagement of Accounting Firm, Summary of 2022 Annual Report, Special Statement of Appropriation of Non-operational Funds and Other Related Funds Transactions of 東方證券股份有限公司 for the Year of 2022, Management Measures of Information Disclosure (Revision 2023), Announcement on Resolution of the 23rd Meeting of the Fifth Session of the Board, Announcement on 2022 Profit Distribution Proposal, Management Measures of Investor Relations of 東方證券股份有限公司 (Revision 2023), Announcement on Resolution of the 13th Meeting of the Fifth Session of the Supervisory Committee, 2022 Annual Report on Continuously Performing Supervision on 東方證券股份有限公司 by China International Capital Corporation Limited and Orient Securities Investment Banking Co., Ltd., Announcement on Projected Routine Related Party Transactions of the Company in 2023, the Work Report of the Audit Committee of Board in 2022, the Plan of Shareholders' Returns in the Next Three Years (2023-2025)
2023/04/04	Notice of 2022 Annual General Meeting, H Shares Announcement
2023/04/10	Announcement in Relation to the Briefing on the First Quarterly Results of 2023
2023/04/13	H Shares Announcement
2023/04/18	Materials of 2022 Annual General Meeting
2023/04/26	Announcement on the Participation in Group Results Briefing of Annual Report of Listed Companies in Shanghai and the Briefing on the First Quarterly Results of 2023
2023/04/28	Announcement on Resolution of the 24th Meeting of the Fifth Session of the Board, the First Quarterly Report for the Year 2023
2023/05/05	H Shares Announcement
2023/05/11	Legal Opinion of Grandall Law Firm (Shanghai) on the 2022 Annual General Meeting of 東方證券股份有限公司, Announcement of Resolutions of the 2022 Annual General Meeting
2023/06/02	H Shares Announcement

## Appendix III: Information Disclosure Index

Date of announcement	Subject
2023/06/14	Announcement on Resolution of the 25th Meeting (Temporary Meeting) of the Fifth Session of the Board, Announcement on Resolution of the 15th Meeting (Temporary Meeting) of the Fifth Session of the Supervisory Committee
2023/06/17	Announcement on Implementation of the 2022 Annual Distribution of Equity Interests
2023/06/28	Announcement on Capital Increase in Orient Securities Futures Co., Ltd.
2023/07/04	H Shares Announcement
2023/07/11	Independent Opinions of Independent Directors on Matters related to the Appointment of Senior Management, Announcement on Resolution of the 26th Meeting (Temporary Meeting) of the Fifth Session of the Board, Announcement on the Appointment of Senior Management
2023/07/14	Announcement on Disciplinary Inspection and Supervisory Investigation of a Director of the Company
2023/07/15	Announcement on Expected Increase in Interim Results of 2023
2023/07/20	Announcement on Completion of Payment of the Short-term Financing Bonds (Tranche I) in 2022
2023/08/01	Announcement on Resolution of the 27th Meeting (Temporary Meeting) of the Fifth Session of the Board, Announcement on Change of Non-executive Director, Materials of the 2023 First Extraordinary General Meeting, Notice of 2023 First Extraordinary General Meeting, Independent Opinions of Independent Directors on Matters related to Changes in Non-executive Directors
2023/08/02	H Shares Announcement
2023/08/15	Independent Opinions of Independent Directors on Approval for Performance Bonus of Senior Management Members of the Company, Announcement on Resolution of the 28th Meeting (Temporary Meeting) of the Fifth Session of the Board, Announcement on Preliminary Financial Data for the First Half of 2023
2023/08/17	H Shares Announcement (Date of Board Meeting)
2023/08/19	Announcement on Resolution of 2023 First Extraordinary General Meeting, Legal Opinion of Grandall Law Firm (Shanghai) on the 2023 First Extraordinary General Meeting of 東方證券股份有限公司
2023/08/25	Announcement in Relation to the Briefing on the Interim Results of 2023

## Appendix III: Information Disclosure Index

Date of announcement	Subject
2023/08/31	Summary of the 2023 Interim Report, Statement of Candidates of Independent Directors (Zhu Kai), Announcement on Resolution of the 16th Meeting of the Fifth Session of the Supervisory Committee, Rules of Appraisal and Remuneration Management of Directors and Supervisors, Announcement in Relation to the Provision for Assets Impairment, Statement of Candidates of Independent Directors (Zhu Kai), Special Report on the Deposit and Actual Use of Proceeds Raised for the First Half of 2023, Prior Approval Opinions of Independent Directors on Connected Transaction, Announcement on Resolution of the 29th Meeting of the Fifth Session of the Board, Independent Opinions of Independent Directors on Matters related to the 29th Meeting of the Fifth Session of the Board, Announcement on Changes in Accounting Policies, 2023 Interim Report
2023/09/01	Announcement on the Participation in 2023 Online Group Reception Day for Investors of Listed Companies in Shanghai
2023/09/05	H Shares Announcement (Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 August 2023)
2023/09/22	Announcement on Approval from the CSRC for Registration of Public Issuance of Corporate Bonds to Professional Investor
2023/10/10	Announcement on Resignation of Executive Director, Announcement on Resolution of the 17th Meeting (Temporary Meeting) of the Fifth Session of the Supervisory Committee, Independent Opinions of Independent Directors on Matters related to the Election of Executive Directors, Announcement on Resignation of Supervisors and Additional Election of Supervisors, Materials of 2023 Second Extraordinary General Meeting, Announcement on Resolution of the 30th Meeting (Temporary Meeting) of the Fifth Session of the Board, Announcement on the Election of Executive Directors, Review Opinion on Candidates for Independent Non-executive Directors, Notice of 2023 Second Extraordinary General Meeting, H Shares Announcement (Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 September 2023)
2023/10/11	Explanation Announcement on the Investment Banking Project, Clarification Announcement on the Media Coverage
2023/10/17	H Shares Announcement (Date of Board Meeting)
2023/10/18	Indicative Announcement on Proposed Repurchase of A Shares of the Company

## Appendix III: Information Disclosure Index

Date of announcement	Subject
2023/10/31	Legal Opinion of Grandall Law Firm (Shanghai) on the 2023 Second Extraordinary General Meeting of 東方證券股份有限公司, the Third Quarterly Report for the Year 2023, Announcement on Change of Independent Director, Announcement on the Repurchase Proposal of A Shares of the Company through Centralized Price Bidding, Announcement on Resolution of 2023 Second Extraordinary General Meeting, Independent Opinions of Independent Directors on Matters related to the Repurchase of A Shares of the Company through Centralized Price Bidding, Announcement on Resolution of the 31st Meeting of the Fifth Session of the Board
2023/11/02	H Shares Announcement (Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 October 2023)
2023/11/03	H Shares Announcement (Next Day Disclosure Return), Announcement on the Initial Repurchase of A Shares of the Company through Centralized Price Bidding, Repurchase Report on the Repurchase of A Shares of the Company through Centralized Price Bidding, Announcement on Shareholdings of the Top Ten Shareholders and Top Ten Shareholders of Non-restricted Shares Prior to the Share Repurchase
2023/11/04	H Shares Announcement (Next Day Disclosure Return)
2023/11/07	H Shares Announcement (Next Day Disclosure Return)
2023/11/08	H Shares Announcement (Next Day Disclosure Return)
2023/11/09	H Shares Announcement (Next Day Disclosure Return)
2023/11/10	H Shares Announcement (Next Day Disclosure Return)
2023/11/11	H Shares Announcement (Next Day Disclosure Return)
2023/11/14	H Shares Announcement (Next Day Disclosure Return), Announcement in Relation to the Briefing on the Third Quarterly Results of 2023
2023/11/15	H Shares Announcement (Next Day Disclosure Return)
2023/11/16	H Shares Announcement (Next Day Disclosure Return)
2023/11/17	Announcement on Progress of Repurchase of A Shares of the Company through Centralized Price Bidding, H Shares Announcement (Next Day Disclosure Return)
2023/11/18	H Shares Announcement (Next Day Disclosure Return)
2023/12/02	H Shares Announcement (Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 November 2023), Announcement on Progress of Repurchase of A Shares of the Company through Centralized Price Bidding
2023/12/13	H Shares Announcement (Next Day Disclosure Return)
2023/12/22	Announcement on Provision of Guarantee by Orient Finance Holdings (Hong Kong) Limited to its Wholly-owned Subsidiaries to Obtain Bank Credit
2023/12/23	H Shares Announcement (Next Day Disclosure Return)
2023/12/27	H Shares Announcement (Next Day Disclosure Return)
2023/12/29	H Shares Announcement (Next Day Disclosure Return)
2023/12/30	H Shares Announcement (Next Day Disclosure Return)

## Appendix III: Information Disclosure Index

2. During the Reporting Period, the information disclosed by the Company on the website of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) was as follows:

Date of announcement	Subject
2023/01/03	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 December 2022
2023/02/01	Return of Equity Issuer on Movements in Securities for the month ended 31 January 2023
2023/02/03	Overseas Regulatory Announcement – Announcement on the Receipt of No-Objection Letter Issued by CSRC Concerning the Proprietary Trading of Carbon Emission Rights of 東方證券股份有限公司
2023/02/17	Announcement on Preliminary Financial Data for the Year of 2022
2023/02/21	Overseas Regulatory Announcement – Announcement on Resolution of the 22nd Meeting of the Fifth Session of the Board of 東方證券股份有限公司
2023/03/01	Monthly Return of Equity Issuer on Movements in Securities for the month ended 28 February 2023
2023/03/05	Announcement on Approval from CSRC for the Proposed Absorption of and Merger with Orient Securities Investment Banking Co., Ltd., a Wholly-owned Subsidiary of the Company
2023/03/15	Date of Board Meeting
2023/03/23	Announcement in Relation to the Briefing on the Annual Results of 2022

## Appendix III: Information Disclosure Index

Date of announcement	Subject
2023/03/30	Projected Intragroup Guarantees for the Year 2023, DFZQ 2022 Environmental, Social and Governance Report, Results Announcement for the Year Ended December 31, 2022, Cash Dividend Announcement for Equity Issuer, Overseas Regulatory Announcements – the Special Report and Audit Report on the Deposit and Actual Use of Proceeds Raised of 東方證券股份有限公司, the Plan of Shareholders' Returns in the Next Three Years (2023-2025), the Special Inspection Opinions of China International Capital Corporation Limited and Orient Securities Investment Banking Co., Ltd. on the Deposit and Actual Use of Proceeds Raised by東方證券股份有限公司 in 2022, 2022 Annual Report on Continuously Performing Supervision on東方證券股份有限公司 by China International Capital Corporation Limited and Orient Securities Investment Banking Co., Ltd., Special Statement of Appropriation of Non-operational Funds and Other Related Funds Transactions of 東方證券股份有限公司 for the Year of 2022, the Audit Report on Internal Control of 東方證券股份有限公司, the Internal Control Evaluation Report of 東方證券股份有限公司 in 2022, the Work Report of the Audit Committee of Board of 東方證券股份有限公司 in 2022, the Work Report of the Independent Directors of 東方證券股份有限公司 in 2022, Special Report on the Deposit and Actual Use of Proceeds Raised of 東方證券股份有限公司 for the Year of 2022, Announcement on Profit Distribution Plan of東方證券股份有限公司 in 2022, Announcement on Renewal of Engagement of Accounting Firm of 東方證券股份有限公司, Announcement on Estimation for the Company's 2023 Daily Related Transactions of 東方證券股份有限公司, Announcement on Resolution of the 13th Meeting of the Fifth Session of the Supervisory Committee of 東方證券股份有限公司, Announcement on Resolution of the 23rd Meeting of the Fifth Session of the Board of 東方證券股份有限公司
2023/04/03	Final Dividend for the Year ended 31 December 2022 (Updated), Notice of Annual General Meeting, Form of Proxy of Holders of H Shares for Use at the Annual General Meeting to be Held on May 10, 2023, Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 March 2023
2023/04/10	Announcement on Preliminary Financial Data for the First Quarter of 2023
2023/04/12	Date of Board Meeting
2023/04/17	Circular of 2022 Annual General Meeting and Annual Report for the Year 2022
2023/04/25	Announcements on the Participation in 2023 Group Results Briefing of Annual Report of Listed Companies in Shanghai and the Briefing on the First Quarterly Results of 2023

## Appendix III: Information Disclosure Index

Date of announcement	Subject
2023/04/27	List of Directors and Their Roles and Functions, Adjustment of Members of the Special Committees of the Board, the First Quarterly Report for the Year 2023, Overseas Regulatory Announcement – Announcement on Resolution of the 24th Meeting of the Fifth Session of the Board of 東方證券股份有限公司
2023/05/04	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 April 2023
2023/05/10	Overseas Regulatory Announcement – Legal Opinion of Grandall Law Firm (Shanghai) on the 2022 Annual General Meeting of 東方證券股份有限公司, Final Dividend for the Year ended 31 December 2022 (Updated), Poll Results of Annual General Meeting Held on May 10, 2023
2023/06/01	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 May 2023
2023/06/13	Overseas Regulatory Announcements – Announcement on Resolution of the 15th Meeting (Temporary Meeting) of the Fifth Session of the Supervisory Committee of 東方證券股份有限公司, Announcement on Resolution of the 25th Meeting (Temporary Meeting) of the Fifth Session of the Board of 東方證券股份有限公司,
2023/06/16	Overseas Regulatory Announcement – Announcement on Implementation of the 2022 Annual Distribution of Equity Interests of 東方證券股份有限公司
2023/06/27	Overseas Regulatory Announcement – Announcement on Capital Increase in Orient Securities Futures Co., Ltd. of 東方證券股份有限公司
2023/07/03	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 June 2023
2023/07/10	Overseas Regulatory Announcement – Announcement on Appointment of Senior Management of 東方證券股份有限公司, Independent Opinions of Independent Directors of DFZQ on Appointment of Senior Management, Announcement on Resolution of the 26th Meeting (Temporary Meeting) of the Fifth Session of the Board of 東方證券股份有限公司
2023/07/13	Announcement on Disciplinary Inspection and supervisory Investigation of a Non-executive Directors of the Company
2023/07/14	Announcement on Expected Increase in Interim Results of 2023
2023/07/19	Overseas Regulatory Announcement – Announcement on Completion of Payment of the Short-term Financing Bonds (Tranche I) in 2022



## Appendix III: Information Disclosure Index

Date of announcement	Subject
2023/07/31	Overseas Regulatory Announcement – Independent Opinions of Independent Directors of DFZQ on the Change of Non-executive Director, Announcement on Resolution of the 27th Meeting (Temporary Meeting) of the Fifth Session of the Board of 東方證券股份有限公司, Proposed Change of Non-executive Director, Form of Proxy of Holders of H Shares for Use at the EGM to be Held on August 18, 2023, Notice of Extraordinary General Meeting, Resolutions in Relation to the Change of Non-executive Director of the Company and Notice of Extraordinary General Meeting
2023/08/01	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 July 2023
2023/08/14	Announcement on Preliminary Financial Data for the First Half of 2023, Overseas Regulatory Announcement – Independent Opinions of Independent Directors on Matters Related to the Approval of Performance Bonus of Senior Management Members of the Company of 東方證券股份有限公司, Announcement on Resolution of the 28th Meeting (Temporary Meeting) of the Fifth Session of the Board of 東方證券股份有限公司
2023/08/16	Date of Board Meeting
2023/08/18	Poll Results of Extraordinary General Meeting Held on August 18, 2023, List of Directors and Their Roles and Functions, Overseas Regulatory Announcement – Legal Opinion of Grandall Law Firm (Shanghai) on the 2023 First Extraordinary General Meeting of 東方證券股份有限公司
2023/08/24	Announcement in Relation to the Briefing on the Interim Results of 2023

## Appendix III: Information Disclosure Index

Date of announcement	Subject
2023/08/30	Overseas Regulatory Announcement – Special Report on the Deposit and Actual Use of Proceeds for the First Half of 2023 of 東方證券股份有限公司, Statement of Candidates for Independent Directors of 東方證券股份有限公司, Statement of Nominators of Independent Directors of 東方證券股份有限公司, Rules of Appraisal and Remuneration Management of Directors and Supervisors of 東方證券股份有限公司, Prior Approval of Independent Directors regarding the Connected Transaction of 東方證券股份有限公司, Independent Opinions of Independent Directors on Matters Related to the 29th Meeting of the Fifth Session of the Board of 東方證券股份有限公司, Special Report on the Deposit and Actual Use of Proceeds for the First Half of 2023 of 東方證券股份有限公司, Announcement on Resolution of the 16th Meeting of the Fifth Session of the Supervisory Committee of 東方證券股份有限公司, Announcement on Resolution of the 29th Meeting of the Fifth Session of the Board of 東方證券股份有限公司, List of Directors and Their Roles and Functions, (1) Proposed Appointment of Independent Non-Executive Director (2) Appointment of Members of the Special Committees under the Board (3) Change in Accounting Policies and (4) Provision for Assets Impairment, Interim Results Announcement for the Six Months Ended June 30, 2023
2023/08/31	Announcement on the Participation in 2023 Group Reception Day for Listed Companies in Shanghai
2023/09/04	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 August 2023
2023/09/21	2023 Interim Report, Overseas Regulatory Announcement – Announcement on Approval from the CSRC for Registration of Public Issuance of Corporate Bonds to Professional Investors by DFZQ

## Appendix III: Information Disclosure Index

Date of announcement	Subject
2023/10/09	Overseas Regulatory Announcement – Announcement on Resolution of the 17th Meeting (Temporary Meeting) of the Fifth Session of the Supervisory Committee of 東方證券股份有限公司, Announcement on Resolution of the 30th Meeting (Temporary Meeting) of the Fifth Session of the Board of 東方證券股份有限公司, Review Opinions on Candidates for Independent Non-executive Director of 東方證券股份有限公司, Independent Opinions of Independent Directors of DFZQ on the Election of Executive Directors, List of Directors and Their Roles and Functions, (1) Resignation of Executive Director (2) Change of Authorised Representative (3) Proposed Appointment of Executive Director (4) Resignation of Shareholder Representative Supervisors (5) Proposed Appointment of Shareholder Representative Supervisors and (6) Appointment of Member of Remuneration and Nomination Committee, Form of Proxy of Holders of H Shares for Use at the EGM to be Held on October 30, 2023, (1) Resolution in Relation to the Election of Executive Director (2) Resolution in Relation to the Election of Independent Non-executive Directors (3) Resolution in Relation to the Election of Supervisors (4) Resolution in Relation to the Formulation of Rules of Appraisal and Remuneration Management of Directors and Supervisors of the Company and Notice of Extraordinary General Meeting, Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 September 2023
2023/10/10	Clarification Announcement
2023/10/16	Date of Board Meeting
2023/10/17	Voluntary Announcement – Indicative Announcement on Proposed Repurchase of A Shares of the Company
2023/10/30	Overseas Regulatory Announcement – Legal Opinion of Grandall Law Firm (Shanghai) on the 2023 Second Extraordinary General Meeting of 東方證券股份有限公司, Independent Opinions of Independent Directors of DFZQ on the Repurchase of A Shares of the Company through Centralized Price Bidding, Announcement on Resolution of the 31st Meeting of the Fifth Session of the Board of 東方證券股份有限公司, Change of Independent Non-executive Director, Announcement on the Plan of Repurchase of A Shares of the Company through Centralized Price Bidding, List of Directors and Their Roles and Functions, Poll Results of Extraordinary General Meeting Held on October 30, 2023, the Third Quarterly Report for the Year 2023

## Appendix III: Information Disclosure Index

Date of announcement	Subject
2023/11/01	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 October 2023
2023/11/02	Overseas Regulatory Announcement – the Repurchase Report on the Repurchase of A Shares of the Company through Centralized Price Bidding of 東方證券股份有限公司, Announcement on Shareholdings of the Top Ten Shareholders and Top Ten Shareholders of Non-restricted Shares Prior to the Share Repurchase of 東方證券股份有限公司, Announcement on First Repurchase of A Shares of the Company through Centralized Price Bidding of 東方證券股份有限公司, Next Day Disclosure Return
2023/11/03	Next Day Disclosure Return
2023/11/06	Next Day Disclosure Return
2023/11/07	Next Day Disclosure Return
2023/11/08	Next Day Disclosure Return
2023/11/09	Next Day Disclosure Return
2023/11/10	Next Day Disclosure Return
2023/11/13	Announcement in Relation to the Briefing on the Third Quarterly Results of 2023, Next Day Disclosure Return
2023/11/14	Next Day Disclosure Return
2023/11/15	Next Day Disclosure Return
2023/11/16	Overseas Regulatory Announcement – Announcement on Progress of Repurchase of A Shares of the Company through Centralized Price Bidding of 東方證券股份有限公司 Next Day Disclosure Return
2023/11/17	Next Day Disclosure Return
2023/12/01	Overseas Regulatory Announcement – Announcement on Progress of Repurchase of A Shares of the Company through Centralized Price Bidding of 東方證券股份有限公司, Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 November 2023
2023/12/12	Next Day Disclosure Return
2023/12/21	Overseas Regulatory Announcement – Announcement on Provision of Guarantee by Orient Finance Holdings (Hong Kong) Limited to its Wholly-owned Subsidiaries to Obtain Bank Credit of 東方證券股份有限公司
2023/12/22	Next Day Disclosure Return
2023/12/26	Next Day Disclosure Return
2023/12/28	Next Day Disclosure Return
2023/12/29	Next Day Disclosure Return

# Independent Auditor's Report

## Deloitte. 德勤

**TO THE SHAREHOLDERS OF 東方證券股份有限公司**  
*(Incorporated in the People's Republic of China with limited liability)*

### OPINION

We have audited the consolidated financial statements of 東方證券股份有限公司 (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 338 to 524, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

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

# Independent Auditor's Report

## KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
<b>Measurement of expected credit loss("ECL") of stock-pledged reverse repurchase agreements</b>	
<p>We identified the measurement of ECL for the Group's stock-pledged reverse repurchase agreements as a key audit matter due to the significance of these assets to the Group's consolidated financial statements and the significant management judgement and estimation required in the measurement.</p> <p>As disclosed in Note 4 to the consolidated financial statements, significant management judgement and estimation required in the measurement of ECL includes assessing whether the credit risk of an asset has significantly increased and whether an asset is credit impaired, using appropriate models and assumptions, determining the key inputs including probability of default ("PD"), loss given default ("LGD") and forward-looking information.</p> <p>As at 31 December 2023, the Group held stock-pledged reverse repurchase agreements of RMB6,470 million, less impairment allowance of RMB4,889 million as disclosed in Note 25 to the consolidated financial statements.</p>	<p>Our procedures in relation to management's measurement of ECL for stock-pledged reverse repurchase agreements included:</p> <ul style="list-style-type: none"> <li>• Testing and evaluating key controls of the management over the measurement of ECL;</li> <li>• Evaluating the appropriateness of the ECL model, and the critical assumptions and parameters used in the model;</li> <li>• Evaluating the determination of the criteria for significant increase in credit risk and credit impairment of financial assets by management and, on a sample basis, testing its application;</li> <li>• For credit impaired assets, on a sample basis, assessing the impairment allowances made by management based on the expected future cash flow with reference to financial information of borrowers and guarantors, and the latest collateral valuations, as appropriate;</li> <li>• Checking the calculation process of the ECL.</li> </ul>

# Independent Auditor's Report

## KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
<b>Determination of consolidation scope of structured entities</b>	
<p>We identified the determination of consolidation scope of structured entities as a key audit matter due to significant judgement applied by management in determining whether a structured entity is required to be consolidated by the Group and the significance of these balances to the Group's consolidated financial statements as a whole.</p> <p>The Group held interests as investor or acted as investment manager in various structured entities including collective asset management schemes, funds and limited partnerships. As disclosed in Note 4 to the consolidated financial statements, to determine whether a structured entity should be consolidated, the management applied significant judgement in determining whether the Group has power over the structured entities, and assess whether the combination of investments it held together with its remuneration and credit enhancement creates exposure to variability of returns from the activities of the collective asset management schemes, funds and limited partnerships that is of such significance that it indicates the Group controlled the structured entities.</p> <p>As disclosed in Notes 36 and 31 to the consolidated financial statements, as at 31 December 2023, the total net assets of the consolidated structured entities amounted to RMB3,891 million and the total net assets of the unconsolidated structured entities set up and managed by the Group amounted to RMB257,708 million, respectively.</p>	<p>Our procedures in relation to management's determination of consolidation scope of structured entities included:</p> <ul style="list-style-type: none"> <li>• Testing and evaluating key controls of the management in determining the consolidation scope of structured entities;</li> <li>• Examining, on a sample basis, the documents and information used by the management in assessing the consolidation criteria of structured entities against the related agreements and other related service agreements of structured entities newly established, invested or with changes in proportion of ownership interests or contractual terms during the year;</li> <li>• Checking and evaluating, on a sample basis, management's quantitative analysis on the Group's exposure or right to variable returns with its economic interests in the structured entity and examining the data used in these calculations by reference to the related contracts;</li> <li>• Assessing management judgement in determining the scope for consolidation and, on a sample basis, assessing the conclusion about whether a structured entity should be consolidated or not.</li> </ul>

# Independent Auditor's Report

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.



# Independent Auditor's Report

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

# Independent Auditor's Report

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Shi Chung Fai.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

27 March 2024

# Consolidated Statement of Profit or Loss

For the year ended 31 December 2023

	NOTES	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Revenue			
Commission and fee income	6	10,298,336	8,878,552
Interest income	7	6,064,164	5,685,794
		16,362,500	14,564,346
Net investment gains	8	2,387,769	1,900,081
Other income, gains and losses, net	9	5,527,120	6,642,936
Total revenue, other income and net gains and losses		24,277,389	23,107,363
Depreciation and amortisation	10	(809,398)	(778,054)
Staff costs	11	(4,564,804)	(4,638,113)
Commission and fee expenses	12	(3,363,740)	(844,499)
Interest expenses	13	(4,299,827)	(4,045,617)
Other operating expenses	14	(7,652,584)	(9,037,388)
Impairment losses under expected credit loss model, net of reversal	15	(1,030,199)	(832,930)
Other impairment losses		(221,947)	(218,726)
Total expenses		(21,942,499)	(20,395,327)
Share of results of associates		584,250	665,984
Profit before income tax		2,919,140	3,378,020
Income tax expense	16	(162,536)	(367,688)
Profit for the year		2,756,604	3,010,332
Attributable to:			
Equity holders of the Company		2,753,755	3,010,558
Non-controlling interests		2,849	(226)
		2,756,604	3,010,332
Earnings per share attributable to the shareholders of the Company (Expressed in RMB Yuan per share)			
– Basic	17	0.30	0.35

The accompanying notes form part of these consolidated financial statements.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	NOTES	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Profit for the year		2,756,604	3,010,332
Other comprehensive (expense)/income, net of income tax:			
Items that will not be reclassified to profit or loss:			
Fair value (losses)/gains on investments in equity instruments at fair value through other comprehensive (expense)/income	53(4)	(19,640)	904,567
Hedging instruments for fair value hedges		(12,810)	–
Income tax relating to items that will not be reclassified to profit or loss	53(4)	8,113	(226,142)
Subtotal		(24,337)	678,425
Items that may be reclassified subsequently to profit or loss:			
Fair value gains/(losses) on debt instruments measured at fair value through other comprehensive income	53(4)	622,822	(1,213,166)
Impairment loss for debt instruments at fair value through other comprehensive (expense)/income	53(4)	(79,371)	20,138
Income tax impact relating to items that may be reclassified subsequently to profit or loss	53(4)	(119,749)	298,701
Share of other comprehensive income of associates, net of related income tax	53(4)	4,518	16,958
Exchange differences arising on translation		14,818	129,685
Other		(1,620)	–
Subtotal		441,418	(747,684)
Other comprehensive income/(expense) for the year, net of income tax		417,081	(69,259)
Total comprehensive income for the year		3,173,685	2,941,073
Attributable to:			
Equity holders of the Company		3,170,836	2,941,299
Non-controlling interests		2,849	(226)
		3,173,685	2,941,073

The accompanying notes form part of these consolidated financial statements.

# Consolidated Statement of Financial Position

As at 31 December 2023

	NOTES	As at 31 December	
		2023 RMB'000	2022 RMB'000
Cash and bank balances	18	104,093,142	121,862,060
Clearing settlement funds	20	35,314,411	29,106,272
Deposits with exchanges and financial institutions	21	3,241,547	4,343,234
Derivative financial assets	22	1,877,650	1,017,334
Advances to customers	23	21,071,801	19,498,899
Account receivables	24	670,759	908,399
Reverse repurchase agreements	25	5,437,734	8,610,881
Financial assets at fair value through profit or loss	26	97,069,644	83,763,730
Debt instruments at fair value through other comprehensive income	27	90,813,713	76,862,096
Equity instruments at fair value through other comprehensive income	28	6,298,178	3,721,658
Debt instruments measured at amortised cost	29	1,586,591	3,164,972
Investments in associates	30	6,253,974	6,241,920
Right-of-use assets	32	557,334	639,915
Investment properties	33	165,413	265,583
Property and equipment	34	2,739,369	2,130,467
Other intangible assets	35	286,724	246,043
Goodwill	37	32,135	32,135
Deferred tax assets	38	2,079,575	1,908,541
Other assets	39	4,100,768	3,742,820
<b>Total assets</b>		<b>383,690,462</b>	<b>368,066,959</b>

The accompanying notes form part of these consolidated financial statements.

# Consolidated Statement of Financial Position

## As at 31 December 2023

	NOTES	As at 31 December	
		2023 RMB'000	2022 RMB'000
Placements from banks and financial institutions	40	25,670,059	8,352,456
Short-term financing bill payables	41	2,797,700	8,300,603
Account payables to brokerage clients	42	111,570,987	123,041,420
Repurchase agreements	43	73,716,143	62,299,523
Financial liabilities at fair value through profit or loss	44	15,301,834	18,539,311
Derivative financial liabilities	22	874,202	308,446
Contract liabilities	45	147,405	64,505
Current tax liabilities		102,664	233,603
Accrued staff costs	46	1,704,042	2,129,721
Borrowings	47	1,700,024	2,008,823
Lease liabilities	48	547,475	645,777
Debt securities issued	49	60,157,845	55,802,403
Deferred tax liabilities	38	35,936	77,936
Other liabilities	50	10,603,949	8,864,143
<b>Total liabilities</b>		<b>304,930,265</b>	<b>290,668,670</b>
Share capital	51	8,496,645	8,496,645
Treasury stock	51	(299,780)	–
Other equity instrument	52	5,000,000	5,000,000
Reserves	53	56,791,270	55,051,415
Retained earnings	54	8,757,396	8,838,412
<b>Equity attributable to equity holders of the Company</b>		<b>78,745,531</b>	<b>77,386,472</b>
<b>Non-controlling interests</b>		<b>14,666</b>	<b>11,817</b>
<b>Total equity</b>		<b>78,760,197</b>	<b>77,398,289</b>
<b>Total equity and liabilities</b>		<b>383,690,462</b>	<b>368,066,959</b>

The consolidated financial statements on pages 338 to 524 were approved and authorised for issue by the Board of Directors on 27 March 2024 and signed on its behalf by:

**Jin Wenzhong**  
Chairman of the Board

**Lu Weiming**  
Executive Director

The accompanying notes form part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

## For the year ended 31 December 2023

	NOTES	Equity attributable to equity holders of the Company												
		Reserves										Non-controlling interests	Total equity	
		Share capital	Treasury stock	Other equity instrument	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Translation reserve	Hedge reserve	Retained earnings			Subtotal
												RMB'000	RMB'000	
As at 1 January 2023		8,496,645	-	5,000,000	39,534,520	4,293,542	11,135,082	100,899	(12,628)	-	8,838,412	77,386,472	11,817	77,398,289
Profit for the year		-	-	-	-	-	-	-	-	-	2,753,755	2,753,755	2,849	2,756,604
Other comprehensive income/(expense) for the year		-	-	-	-	-	411,871	14,818	(9,608)	-	417,081	-	-	417,081
Total comprehensive income/(expense) for the year		-	-	-	-	-	411,871	14,818	(9,608)	2,753,755	3,170,836	2,849	3,173,685	
Repurchase of A shares	51	-	(299,780)	-	-	-	-	-	-	-	(299,780)	-	-	(299,780)
Appropriation to surplus reserve		-	-	-	-	324,464	-	-	-	-	(324,464)	-	-	-
Appropriation to general reserve		-	-	-	-	-	999,460	-	-	-	(999,460)	-	-	-
Distribution to holders of other equity instrument	55	-	-	-	-	-	-	-	-	-	(237,500)	(237,500)	-	(237,500)
Dividends recognised as distribution	55	-	-	-	-	-	-	-	-	-	(1,274,497)	(1,274,497)	-	(1,274,497)
Transfer to retained earnings for cumulative fair value change of equity instruments at fair value through other comprehensive (expense)/income upon disposal	28	-	-	-	-	-	(23,083)	-	-	-	23,083	-	-	-
Other		-	-	-	-	-	-	-	-	21,933	(21,933)	-	-	-
At 31 December 2023		8,496,645	(299,780)	5,000,000	39,534,520	4,618,006	12,134,542	489,687	2,190	12,325	8,757,396	78,745,531	14,666	78,760,197

The accompanying notes form part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

## For the year ended 31 December 2023

	Equity attributable to equity holders of the Company											
	NOTES	Reserves								Subtotal	Non-controlling interests	Total equity
		Share capital	Other equity instrument	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Translation reserve	Retained earnings			
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000			
	(Note 51)	(Note 52)	(Note 53)	(Note 53)	(Note 53)	(Note 53)	(Note 53)	(Note 54)				
As at 1 January 2022	6,993,656	5,000,000	28,353,325	3,999,317	10,028,633	764,321	(142,313)	9,130,172	64,127,111	15,995	64,143,106	
Profit/(loss) for the year	-	-	-	-	-	-	-	3,010,558	3,010,558	(226)	3,010,332	
Other comprehensive (expense)/ income for the year	-	-	-	-	-	(198,944)	129,685	-	(69,259)	-	(69,259)	
Total comprehensive (expense)/ income for the year	-	-	-	-	-	(198,944)	129,685	3,010,558	2,941,299	(226)	2,941,073	
Issuance of shares	51	1,502,989	-	11,122,255	(4,462)	-	-	-	12,620,782	-	12,620,782	
Capital returned to non-controlling shareholders upon liquidation of a subsidiary		-	-	-	-	-	-	-	-	(3,370)	(3,370)	
Appropriation to surplus reserve		-	-	-	298,687	-	-	(298,687)	-	-	-	
Appropriation to general reserve		-	-	-	-	1,106,449	-	(1,106,449)	-	-	-	
Distribution to holders of other equity instrument	55	-	-	-	-	-	-	(237,500)	(237,500)	-	(237,500)	
Dividends recognised as distribution	55	-	-	-	-	-	-	(2,124,160)	(2,124,160)	(582)	(2,124,742)	
Transfer to retained earnings for cumulative fair value change of equity instruments at fair value through other comprehensive income upon disposal	28	-	-	-	-	-	(464,478)	464,478	-	-	-	
Other		-	-	58,940	-	-	-	-	58,940	-	58,940	
At 31 December 2022	8,496,645	5,000,000	39,534,520	4,293,542	11,135,082	100,899	(12,628)	8,838,412	77,386,472	11,817	77,398,289	

The accompanying notes form part of these consolidated financial statements.



# Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
<b>OPERATING ACTIVITIES</b>		
Profit before income tax	2,919,140	3,378,020
Adjustments for:		
Interest expenses	4,299,827	4,045,617
Share of results of associates	(584,250)	(665,984)
Depreciation and amortisation	809,398	778,054
Impairment losses under expected credit loss model, net of reversal	1,030,199	832,930
Other impairment losses	221,947	218,726
Gains on disposal of property and equipment, right-of-use assets and investment properties	(138,244)	(108,236)
Foreign exchange losses, net	57,866	178,363
Net realised losses/(gains) arising from disposal of associates	1,891	(2,807)
Net realised gains and income arising from financial assets at fair value through profit or loss	(919,438)	(372,319)
Interest income and net realised gains and income arising from debt instruments at fair value through other comprehensive income	(3,582,136)	(3,842,779)
Dividend income arising from equity instruments at fair value through other comprehensive income	(401,020)	(335,222)
Net realised losses arising from financial liabilities at fair value through profit or loss	110,502	33,919
Net realised losses/(gains) arising from derivative financial instruments	47,445	(38)
Interest income and net realised gains and income from debt instruments measured at amortised cost	(92,480)	(114,447)
Unrealised fair value change of financial assets at fair value through profit or loss	(77,782)	1,117,664
Unrealised fair value change of financial liabilities at fair value through profit or loss	54,236	365,696
Unrealised fair value change of derivative financial instruments	(404,764)	(911,214)

(continued)

The accompanying notes form part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

## For the year ended 31 December 2023

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Operating cash flows before movements in working capital	3,352,337	4,595,943
(Increase)/decrease in advances to customers	(1,576,044)	4,841,427
Decrease in reverse repurchase agreements	1,770,995	1,570,606
Decrease in placements to banks and other financial institutions	–	382,833
(Increase)/decrease in financial assets at fair value through profit or loss and derivative financial assets	(10,534,467)	10,061,536
(Increase)/decrease in restricted deposits and deposits with exchanges and financial institutions	(1,690,742)	568,409
Decrease/(increase) in bank balances and clearing settlement funds restricted or held on behalf of customers	11,288,909	(32,979,096)
Decrease/(increase) in account receivables and other assets	199,737	(1,802,669)
Increase in other liabilities and contract liabilities	1,397,027	3,768,085
(Decrease)/increase in account payables to brokerage clients	(11,470,433)	33,029,295
Decrease in financial liabilities at fair value through profit or loss and derivative financial liabilities	(4,798,403)	(1,068,734)
Increase/(decrease) in repurchase agreements	11,530,691	(578,250)
Increase/(decrease) in placements from banks and other financial institutions	17,170,018	(139,000)
Cash generated from operations	16,639,625	22,250,385
Income taxes paid	(618,145)	(1,111,038)
Interest paid	(1,976,642)	(1,377,258)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>14,044,838</b>	<b>19,762,089</b>

(continued)

The accompanying notes form part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

## For the year ended 31 December 2023

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
<b>INVESTING ACTIVITIES</b>		
Dividends and interest received from investments	3,506,584	3,644,316
Proceeds on disposal of property and equipment and investment properties	236,059	184,218
Proceeds on disposal or redemption of:		
financial assets at fair value through profit or loss	28,765,147	12,959,741
equity instruments at fair value through other comprehensive income	1,636,208	1,414,050
debt instruments at fair value through other comprehensive income	166,920,386	78,546,874
debt instrument measured at amortised cost	1,525,937	403,283
Capital injection in associates	(52,000)	–
Purchases of:		
financial assets at fair value through profit or loss	(31,030,086)	(16,300,757)
equity instruments at fair value through other comprehensive income	(4,245,179)	(92,988)
debt instruments at fair value through other comprehensive income	(179,469,022)	(96,693,709)
Purchases of property and equipment and other intangible assets	(1,093,554)	(306,670)
Payments for right-of-use assets	(2,756)	(3,577)
Proceeds from disposal of or capital reduction in associates	260,633	224,249
Gross cash outflow from foreign currency forward contracts	(29,244)	–
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(13,070,887)</b>	<b>(16,020,970)</b>

(continued)

The accompanying notes form part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

## For the year ended 31 December 2023

	NOTES	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
<b>FINANCING ACTIVITIES</b>			
Proceeds from H and A shares issued		–	12,715,329
Proceeds from issuance of debt securities, short-term financing bill payables and income certificates designated at fair value through profit and loss	65	41,832,927	38,347,584
Repayments on debt securities issued, short-term financing bill payables and income certificates designated at fair value through profit and loss	65	(41,031,324)	(46,608,566)
Proceeds from borrowings	65	2,795,179	3,177,276
Repayments of borrowings	65	(3,111,317)	(1,747,283)
Repayments of lease liabilities	65	(381,744)	(348,386)
Dividends paid to ordinary shareholders	65	(1,274,496)	(2,124,742)
Dividends paid to holders of other equity instrument	65	(237,500)	(237,500)
Transaction costs paid on issue of H and A shares		–	(94,547)
Interest paid on debt securities issued, short-term financing bill payables and income certificates designated at fair value through profit and loss	65	(2,352,681)	(2,858,156)
Interest paid on borrowings	65	(55,415)	(31,778)
Interest paid on lease liabilities	65	(19,725)	(25,179)
Payment for repurchase of A-shares		(299,780)	–
Payments on capital returned to non-controlling shareholders		–	(3,370)
<b>NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES</b>		<b>(4,135,876)</b>	<b>160,682</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(3,161,925)</b>	<b>3,901,801</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>26,154,534</b>	<b>21,937,713</b>
Effect of foreign exchange rate changes		97,627	315,020
<b>TOTAL CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	19	<b>23,090,236</b>	<b>26,154,534</b>
Net cash generated from operating activities including:			
Interest received		3,310,650	3,135,392
Interest paid		(1,976,642)	(1,377,258)

The accompanying notes form part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 1. GENERAL INFORMATION

東方證券股份有限公司, formerly known as Orient Securities Limited Liability Company (東方證券有限責任公司), was a limited liability company established on 10 December 1997. On 8 October 2003, upon approval from the China Securities Regulatory Commission (“CSRC”) and the Shanghai Municipal Government, Orient Securities Limited Liability Company was converted into a joint stock limited liability company, and was renamed as 東方證券股份有限公司 (the “Company”). On 23 March 2015, the Company became listed on the Shanghai Stock Exchange with the stock code of 600958. On 8 July 2016, the Company became listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) with the stock code of 03958.

The registered office of the Company is located at Orient Securities Building, No. 119, South Zhongshan Road, Shanghai, the People’s Republic of China (“PRC”).

The Company and its subsidiaries (the “Group”) are principally engaged in securities and futures brokerage, margin financing and securities lending, securities investment advisory, securities proprietary trading, asset management, agency sale of financial products, security underwriting and sponsorship, and other business activities approved by the CSRC.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

## 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

### New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the new and amendments to IFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) *(Continued)*

### Amendments to IFRSs in issue but not yet effective

The Group has not early applied the following amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all of the above amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

### Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases* (“IFRS 16”), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets* (“IAS 36”).

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

When the Group is an investor of a fund in which the Group also acts as a fund manager, the Group will determine whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant fund.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Basis of consolidation** *(Continued)*

An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority. In determining whether the Group is an agent to the fund, the Group would assess:

- the scope of its decision-making authority over the investee;
- the rights held by other parties;
- the remuneration to which it is entitled in accordance with the remuneration agreements; and
- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Basis of consolidation** *(Continued)*

#### **Changes in the Group's interests in existing subsidiaries**

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to the shareholders of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the shareholders of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* ("IFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate.

### **Business combinations**

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former shareholders of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Business combinations** *(Continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

### **Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Goodwill** *(Continued)*

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

### **Investments in associates**

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Investments in associates** *(Continued)*

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group applies the exemptions under IAS 28 *Investments in Associates and Joint Ventures* from applying the equity method when the investment in the associate is held by, or is held indirectly through venture capital organisations. The exemption is elected at inception on an investment-by-investment basis. Those investments in associates may be measured at fair value through profit or loss in accordance with IFRS 9 and presented within "Financial assets at fair value through profit or loss".

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Investments in associates** *(Continued)*

#### ***Changes in the Group's interests in associates***

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

#### ***Acquisition of additional interests in associates***

When the Group increases its ownership interest in an associate but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

### **Leases**

#### ***Definition of a lease***

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of IFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

#### ***The Group as a lessee***

##### ***Allocation of consideration to components of a contract***

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### *Leases (Continued)*

##### *The Group as a lessee (Continued)*

##### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases of buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

##### *Right-of-use assets*

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position. The right-of-use assets that meet the definition of investment property are presented within “investment properties”.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### **Leases** *(Continued)*

##### **The Group as a lessee** *(Continued)*

##### *Refundable rental deposits*

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

##### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.



# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### *Leases (Continued)*

##### *The Group as a lessee (Continued)*

##### *Lease liabilities (Continued)*

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;
- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

##### *Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### **Leases** *(Continued)*

##### **The Group as a lessor**

##### *Classification and measurement of leases*

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

##### *Allocation of consideration to components of a contract*

When a contract includes both leases and non-lease components, the Group applies IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

##### *Sublease*

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Property and equipment

Property and equipment are tangible assets that are held for use in the supply of services, or for administrative purposes (other than construction in progress as described below). Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress is carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property and equipment.

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Property and equipment *(Continued)*

The estimated residual value rates and useful lives of each class of property and equipment, other than construction in progress, are as follows:

Classes	Estimated residual value rates	Useful lives
Leasehold land and buildings	3%	Over the shorter of the lease term and estimated useful life of buildings of 30 years
Electronic and communication equipment	3%	3-10 years
Motor vehicles	0% – 3%	6 years
Office equipment	3%	5 years
Leasehold improvements	nil	Over the lease term

### Investment properties

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

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Intangible assets

#### *Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimates being accounted for on a prospective basis. Intangible assets with indefinite useful lives (i.e. trading rights) that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

#### *Internally-generated intangible assets – research and development expenditure*

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Intangible assets** *(Continued)*

#### ***Internally-generated intangible assets – research and development expenditure*** *(Continued)*

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

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

#### **Impairment on property and equipment, right-of-use assets, investment properties and intangible assets other than goodwill**

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

The recoverable amount of property and equipment, right-of-use assets, investment properties and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Impairment on property and equipment, right-of-use assets, investment properties and intangible assets other than goodwill *(Continued)***

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### **Cash and cash equivalents**

Cash and cash equivalents presented on the consolidated statement of financial position include:

- cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- cash equivalents, which comprise of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Cash and cash equivalents *(Continued)*

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 18.

### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the shareholders of the Company are reclassified to profit or loss.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Foreign currencies *(Continued)*

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and is not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss. Settlements of monetary items which formed part of net investment in foreign operations without changes in the Group's ownership interests is not considered as partial disposals.

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income, gains and losses".

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Employee benefits**

In the reporting period in which an employee has rendered services, the Group recognises the employee benefits expenses for those services in profit or loss.

### **Retirement benefit costs**

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

### **Short-term and other long-term employee benefits**

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

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

### **Social welfare**

Social welfare expenditure refers to payments for employees' social welfare system established by the government of the PRC, including social pension insurance, health care insurance, housing funds and other social welfare contributions. The Group contributes on a regular basis to these funds based on certain percentage of the employees' salaries and the contributions are recognised in profit or loss for the period when employees have rendered service entitling them to the contribution. The Group's liabilities in respect of these funds are limited to the contribution payable in the relevant period.

### **Annuity scheme**

The Group also sets up annuity scheme for qualified employees. Annuity contributions are accrued based on a certain percentage of the participants' total salary when employees have rendered service entitling them to the contributions. The contribution is recognised in profit or loss when employees have rendered service entitling them to the contributions.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Taxation

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

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

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Taxation** *(Continued)*

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities. For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either:

- the same taxable entity; or
- different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### Financial assets

##### *Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

##### *Classification and subsequent measurement of financial assets (Continued)*

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (“FVTOCI”):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* (“IFRS 3”) applies.

A financial asset is held for trading if:

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

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

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### Financial instruments *(Continued)*

#### Financial assets *(Continued)*

#### Classification and subsequent measurement of financial assets *(Continued)*

- (i) Amortised cost and interest income  
Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.
- (ii) Debt instruments classified as at FVTOCI  
Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.
- (iii) Equity instruments designated as at FVTOCI  
Investments in equity instruments designated as at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

##### *Classification and subsequent measurement of financial assets (Continued)*

##### (iii) Equity instruments designated as at FVTOCI *(Continued)*

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

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

##### (iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "net investment gains" line item.

##### *Impairment of financial assets and other items subject to impairment assessment under IFRS 9*

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets which are subject to impairment assessment under IFRS 9, including advances to customers, debt instruments at FVTOCI, reverse repurchase agreements, debt instruments measured at amortised cost, account receivables, deposits with exchanges and financial institutions, clearing settlement funds, cash and bank balances, loan commitments, contract assets and other receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.



# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

#### *Impairment of financial assets and other items subject to impairment assessment under IFRS 9* *(Continued)*

The Group applied the IFRS 9 simplified approach to measure ECL and recognises lifetime ECL for account receivables and contract assets. To measure the ECL, account receivables and contract assets have been grouped based on shared credit risk characteristics.

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

#### (i) **Significant increase in credit risk**

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

##### *Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)*

###### (i) **Significant increase in credit risk** *(Continued)*

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of “investment grade” as per globally understood definitions.

For loan commitments, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

###### (ii) **Definition of default**

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

#### *Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)*

#### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

#### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over eight years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

##### *Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)*

##### (v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default (“PD”), loss given default (“LGD”) (i.e. the magnitude of the loss if there is a default) and the exposure at default (“EAD”). The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitments draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

For ECL on loan commitments for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped based on shared credit risk characteristics. The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### Financial instruments *(Continued)*

#### Financial assets *(Continued)*

#### Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(Continued)*

#### (v) Measurement and recognition of ECL *(Continued)*

Except for debt instruments at FVTOCI, the Group recognises an impairment gain or loss in profit or loss by adjusting their carrying amount. For all other financial assets that are subject to ECL, the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve without reducing the carrying amounts of these debt instruments. Such amount represents the changes in the investment revaluation reserve in relation to accumulated loss allowance.

#### Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Net investment gains' line item as part of the net foreign exchange gains/(losses);
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'Other income, gains and losses, net' line item as part of the net foreign exchange gains/(losses). As the foreign currency element recognised in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income in the fair value through other comprehensive income/revaluation reserve;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Net investment gains' line item as part of the gain/(loss) from changes in fair value of financial assets;
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the fair value through other comprehensive income/revaluation reserve.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

##### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of an investment in a debt instrument classified as at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

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

#### **Financial liabilities and equity**

##### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity according to the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### **Financial instruments** *(Continued)*

#### **Financial liabilities and equity** *(Continued)*

#### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

#### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial liabilities and equity** *(Continued)*

##### *Financial liabilities at FVTPL (Continued)*

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as convertible loan notes, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

##### *Financial liabilities at amortised cost*

Financial liabilities including borrowings, short-term financing bill payables, placements from banks and financial institutions, account payables to brokerage clients, other liabilities, debt securities issued and repurchase agreements are subsequently measured at amortised cost, using the effective interest method.

##### *Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Net investment gains' line item in profit or loss as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial liabilities and equity** *(Continued)*

##### *Derecognition/modification of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. The above said fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

##### **Derivative financial instruments**

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

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### **Financial instruments** *(Continued)*

##### **Derivative financial instruments** *(Continued)*

###### **Embedded derivatives**

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

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

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

###### **Offsetting a financial asset and a financial liability**

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

###### **Hedge accounting**

The Group designates certain derivatives as hedging instruments for fair value hedges.

At the inception of the hedging relationships, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values of the hedged item attributable to the hedged risk.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### **Financial instruments** *(Continued)*

#### **Hedge accounting** *(Continued)*

#### *Assessment of hedging relationship and effectiveness*

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Financial instruments** *(Continued)*

#### **Hedge accounting** *(Continued)*

##### *Fair value hedges*

When the hedging instrument hedges an equity instrument designated at FVTOCI, the fair value change is recognised in other comprehensive income.

When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

##### *Discontinuation of hedge accounting*

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised.

##### *Repurchase agreements and reverse repurchase agreements*

Financial assets sold subject to repurchase agreements, which do not result in derecognition of the financial assets, are continued to be recorded as financial assets at FVTPL, debt instruments at FVTOCI, equity instruments at FVTOCI, or debt instruments measured at amortised cost as appropriate. The corresponding liability is included in “Repurchase agreements”. Consideration paid for financial assets held under agreements to resell are recorded as “Reverse repurchase agreements”. Repurchase agreements and reverse repurchase agreements are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

##### *Securities lending*

The Group lends securities to clients and the cash collateral balances required under the securities lending agreements and the interest arisen from the cash collateral are included in “account payables to brokerage clients”. For those securities held by the Group that are lent to clients, they are not derecognised and are continued to be recorded as financial assets at FVTPL or equity instruments at FVTOCI. The corresponding fee income was recorded in commission and fee income.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Revenue from contracts with customers** *(Continued)*

#### ***Contracts with multiple performance obligations (including allocation of transaction price)***

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts and variable consideration.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

#### ***Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation***

##### ***Output method***

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

##### ***Input method***

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

##### ***Variable consideration***

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### Revenue from contracts with customers *(Continued)*

##### *Variable consideration (Continued)*

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

##### *Principal versus agent*

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Group's revenue mainly comes from the following types of business:

##### *Commission and fee income*

- (a) Commission and fee income arising from securities brokerage services is recognised on the date of the securities transaction;
- (b) Commission and fee income arising from investment banking services is recognised when the contractual obligations are fulfilled;

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **Revenue from contracts with customers** *(Continued)*

#### **Commission and fee income** *(Continued)*

- (c) Commission and fee income arising from asset management services is recognised in accordance with the conditions and proportions agreed in the contract when management services meets the relevant revenue recognition conditions.

#### **Interest income**

Interest income from a financial asset is accrued on a timely basis using the effective interest method.

#### **Other income**

Other income is recognised when the contractual obligations are fulfilled.

### **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and the amount of the obligation can be reliably estimated.

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

### 4.1 Critical judgements in applying accounting policies

#### *Consolidation of structured entities*

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

For collective asset management schemes, funds and limited partnerships where the Group involves as manager, the Group considers whether it has the power over the structured entities and assesses whether the combination of investments it holds together with its remuneration and credit enhancements creates exposure to variability of returns from the activities of the collective asset management schemes, funds and limited partnerships that is of such significance that it indicates the Group controlled the structured entities. The collective asset management schemes, funds and limited partnerships are consolidated if the Group acts in the role of principal.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

#### 4.1 Critical judgements in applying accounting policies *(Continued)*

##### *Classification of financial assets*

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

#### 4.2 Key sources of estimation uncertainty

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

##### *Fair value of financial assets*

The Group uses valuation techniques to estimate the fair value of financial assets which are not quoted in an active market. These valuation techniques include the use of recent transaction prices of the same or similar instruments, discounted cash flow analysis, etc. To the extent practical market observable inputs and data are used when estimating fair value through a valuation technique. Where market observable inputs are not available, they are estimated using assumptions that are calibrated as closely as possible to market observable data. However, areas such as the credit risk of the Group and the counterparty, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the estimated fair value of financial assets.

##### *Impairment of stock-pledged reverse repurchase agreements*

The Group estimates the amount of loss allowance for ECL on stock-pledged reverse repurchase agreements. The estimation of the ECL involves high degree of uncertainty.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

#### 4.2 Key sources of estimation uncertainty *(Continued)*

##### *Impairment of stock-pledged reverse repurchase agreements (Continued)*

##### *Significant increase in credit risk and credit-impaired financial asset*

ECL are measured either at 12m ECL or lifetime ECL. An asset moves to the stage of lifetime ECL (not credit-impaired) when its credit risk has increased significantly since initial recognition, and it moves to the stage of lifetime ECL (credit-impaired) when it is credit impaired. In assessing whether the credit risk of an asset has significantly increased and whether a financial asset is credit-impaired, the Group takes into account qualitative and quantitative forward looking information on a reasonable and supportable basis, which is detailed in Note 63.

##### *Models and assumptions used*

The Group uses various models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of assets, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk, which are detailed in Note 63.

##### *Forward-looking information*

When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Further information is detailed in Note 63.

##### *Probability of default*

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Further information is detailed in Note 63.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

#### 4.2 Key sources of estimation uncertainty *(Continued)*

##### *Impairment of stock-pledged reverse repurchase agreements (Continued)*

##### *Loss given default*

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Further information is detailed in Note 63.

##### *Income taxes*

There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the current income tax and deferred income tax in the period during which such a determination is made.

The realisation of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future.

In cases where it becomes probable that sufficient profits or taxable temporary differences are expected to be generated, deferred tax assets would be recognised in profit or loss in that period. On the contrary, if sufficient profits or taxable temporary differences are not expected to be generated, deferred tax assets would be reversed in profit or loss in that period. Details of the tax losses and deductible temporary differences are disclosed in Notes 16 and 38.

### 5. SEGMENT REPORTING

Information reported to the Board of Directors, being the chief operating decision maker (hereinafter refer to as the “CODM”) of the Company, for the purposes of resource allocation and assessment of segment performance focuses on the nature of products sold and services provided by the Group, which is also consistent with the Group’s basis of organisation, whereby the businesses are organised and managed separately as individual strategic business units that offer different products and serve different markets. Segment information is measured in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to CODM, which are consistent with the accounting and measurement criteria in the preparation of the consolidated financial statements. The inter-segment revenue and expenses arising from internal use of funds are determined by internal transfer price. The Group enhanced the disclosure of segment information by extending the internal transfer pricing mechanism to cover the headquarter segment for the year ended 31 December 2023. Comparative figures are re-presented accordingly.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 5. SEGMENT REPORTING *(Continued)*

Specifically, the Group's reportable and operating segments are as follows:

- (a) Securities sales and trading, which primarily includes investment gains, commission and fee income earned from trading of stocks, bonds, funds, derivatives, alternative investments and other financial products and fees earned from providing related investment research activities;
- (b) Investment management, which primarily includes management and advisory fees earned from providing asset management, fund management and private equity investment management services to clients, as well as investment gains from private equity investments;
- (c) Brokerage and securities financing, which primarily includes fees and commissions earned from providing brokerage and investment advisory services for the trading of stocks, bonds, funds, and warrants, as well as futures on behalf of the customers, bulk commodity trading, and also interest earned from providing margin financing and securities lending services;
- (d) Investment banking, which primarily includes commissions and fees earned from equity underwriting and sponsorship, debt underwriting and financial advisory services;
- (e) Headquarters and other, which includes head office operations and the overseas business in Hong Kong, including interest income earned and expense incurred for general working capital purpose.

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties and there was no change in the basis during the year of 2023 and 2022.

Segment profit/loss represents the profit earned/loss incurred by each segment without allocation of income tax expenses. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

Segment assets/liabilities are allocated to each segment. Inter-segment balances eliminations mainly include amount due from/to another segment arising from activities' carried out by one segment for another segment.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 5. SEGMENT REPORTING (Continued)

The segment information provided to the CODM for the operating segments for the years ended 31 December 2023 and 2022 are as follows:

#### Operating segment

	Securities sales and trading RMB'000	Investment management RMB'000	Brokerage and securities financing RMB'000	Investment banking RMB'000	Headquarters and other RMB'000	Segment total RMB'000	Eliminations RMB'000	Consolidated total RMB'000
<b>For the year ended 31 December 2023</b>								
<b>Segment revenue and results</b>								
Segment revenue and net investment gains	5,720,690	2,212,870	8,335,530	1,598,083	5,578,609	23,445,782	(4,695,513)	18,750,269
Segment other income, gains and losses, net	173,694	89,914	5,294,641	24,399	(55,528)	5,527,120	-	5,527,120
Segment revenue, other income and net gains and losses	5,894,384	2,302,784	13,630,171	1,622,482	5,523,081	28,972,902	(4,695,513)	24,277,389
Segment expenses	(4,458,900)	(1,916,206)	(13,665,705)	(1,039,228)	(4,107,342)	(25,187,381)	3,244,882	(21,942,499)
Segment results	1,435,484	386,578	(35,534)	583,254	1,415,739	3,785,521	(1,450,631)	2,334,890
Share of results of associates	60,006	555,193	(12,947)	-	(18,002)	584,250	-	584,250
Profit/(loss) before income tax	1,495,490	941,771	(48,481)	583,254	1,397,737	4,369,771	(1,450,631)	2,919,140
<b>Other segment information</b>								
Amounts included in the measure of segment profit or loss or segment assets:								
Depreciation and amortisation	53,880	95,111	337,842	50,083	278,251	815,167	-	815,167
Charge for impairment losses	24,320	219,344	1,005,285	76	3,121	1,252,146	-	1,252,146
Capital expenditure	210	828,401	283,169	5,691	273,751	1,391,222	-	1,391,222
<b>As at 31 December 2023</b>								
<b>Segment assets and liabilities</b>								
Segment assets	175,984,168	13,393,226	162,438,191	1,886,811	54,600,402	408,302,798	(24,612,336)	383,690,462
Segment liabilities	112,871,885	1,351,307	121,940,509	479,364	73,422,454	310,065,519	(5,135,254)	304,930,265

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 5. SEGMENT REPORTING (Continued)

#### Operating segment (Continued)

	Securities sales and trading RMB'000	Investment management RMB'000	Brokerage and securities financing RMB'000	Investment banking RMB'000	Headquarters and other RMB'000	Segment total RMB'000	Eliminations RMB'000	Consolidated total RMB'000
<b>For the year ended 31 December 2022 (Restated)</b>								
<b>Segment revenue and results</b>								
Segment revenue and net investment gains	5,248,676	3,066,257	5,833,447	1,933,328	5,105,611	21,187,319	(4,722,892)	16,464,427
Segment other income, gains and losses, net	200,912	134,104	6,482,234	25,111	(198,691)	6,643,670	(734)	6,642,936
Segment revenue, other income and net gains and losses	5,449,588	3,200,361	12,315,681	1,958,439	4,906,920	27,830,989	(4,723,626)	23,107,363
Segment expenses	(3,832,378)	(1,895,117)	(12,338,432)	(1,233,889)	(4,361,840)	(23,661,656)	3,266,329	(20,395,327)
Segment results	1,617,210	1,305,244	(22,751)	724,550	545,080	4,169,333	(1,457,297)	2,712,036
Share of results of associates	65,489	648,528	3,911	-	(51,944)	665,984	-	665,984
Profit/(loss) before income tax	1,682,699	1,953,772	(18,840)	724,550	493,136	4,835,317	(1,457,297)	3,378,020
<b>Other segment information</b>								
Amounts included in the measure of segment profit or loss or segment assets:								
Depreciation and amortisation	50,130	86,346	304,415	49,180	287,983	778,054	-	778,054
Charge for/(reversal of) impairment losses	100,954	(299)	946,526	152	4,323	1,051,656	-	1,051,656
Capital expenditure	173	50,165	279,629	11,302	201,312	542,581	-	542,581
<b>As at 31 December 2022</b>								
<b>Segment assets and liabilities</b>								
Segment assets	149,725,659	14,090,848	173,123,944	2,556,851	55,714,739	395,212,041	(27,145,082)	368,066,959
Segment liabilities	86,888,306	2,060,521	134,282,385	731,761	74,664,352	298,627,325	(7,958,655)	290,668,670

The Group's non-current assets are mainly located in the PRC (country of domicile). The Group's revenue are substantially derived from its operations in the PRC.

The Group has no single customer which contributes to 10 percent or more of the Group's revenue for the years ended 31 December 2023 and 2022.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 6. COMMISSION AND FEE INCOME

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Commission on securities broking, dealing and handling fee income	2,312,609	2,666,376
Commission on futures and options contracts broking, dealing and handling fee income ( <i>Note a</i> )	3,604,536	1,027,028
Asset and fund management fee income	2,267,880	2,848,766
Underwriting, sponsors and financial advisory fee income	1,599,352	1,788,634
Consultancy fee income	72,808	185,599
Other	441,151	362,149
	<b>10,298,336</b>	<b>8,878,552</b>

*Note a:* In accordance with the relevant provisions of the *Implementation Rules for the Financial Treatment of Futures Companies*, starting from 2023, the handling fee charged by the Futures Exchanges is recognised in handling fee expenses account, instead of netting off with handling fee income. Handling fee expenses are presented in securities and futures broking and dealing expenses under Note 12. The comparative figures do not need to be adjusted retrospectively as per the new requirements.

The major business types of commission and fee income from customers are as follows:

#### (1) Brokerage

The Group provides broking, dealing and handling services for securities, futures and options contracts. Commission income is recognised at a point in time on the execution date of the trades at a certain percentage of the transaction value of the trades executed.

#### (2) Asset management

The Group provides asset management service on diversified and comprehensive investment products to customers. The customers simultaneously receive and consume the benefit provided by the Group, hence the revenue is recognised as a performance obligation satisfied over time. For some products, the Group may also be entitled to a performance fee when meeting certain criteria for the relevant performance period and it is recognised at the end of the relevant performance period, when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and when the uncertainty associated with the variable consideration is subsequently resolved.



# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 6. COMMISSION AND FEE INCOME *(Continued)*

#### (3) Investment Banking

The Group provides placing, underwriting or sub-underwriting services to customers for their fund raising activities in equity and debt capital markets, and structured products arrangement services. Revenue is recognised at a point in time when the relevant placing, underwriting, sub-underwriting or structured products arrangement activities are completed. The Group also provides sponsoring services to clients for their fund raising activities and corporate advisory services to corporate clients for their corporate actions. The revenue is recognised over time.

Most contracts with customers have original expected duration of less than one year and therefore information about their remaining performance obligations is not disclosed.

### 7. INTEREST INCOME

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Advances to customers	1,144,068	1,237,478
Reverse repurchase agreements	491,316	145,360
Deposits with exchanges and financial institutions and bank balances	1,598,262	1,679,099
Interest income from debt instruments measured at amortised cost	83,059	113,135
Interest income from debt instruments at FVTOCI	2,739,661	2,506,589
Other	7,798	4,133
	<b>6,064,164</b>	<b>5,685,794</b>

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 8. NET INVESTMENT GAINS

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Net realised (losses)/gains from disposal of associates	(1,891)	2,807
Net realised gains from disposal of debt instruments at FVTOCI	842,475	1,336,190
Net realised gains/(losses) from disposal of financial assets at FVTPL	235,705	(727,127)
Net realised (losses)/gains arising from financial liabilities at FVTPL	(600,363)	23,897
Net realised gains arising from disposal of debt instrument measured at amortised cost	9,421	1,312
Net realised losses arising from derivative financial instruments	(1,065,583)	(339,835)
Dividend income from equity instruments at FVTOCI		
– relating to investments derecognised during the year	30,171	225,411
– relating to investments held at the end of the reporting period	370,849	109,811
Dividend income and interest income from financial assets at FVTPL	2,138,675	1,839,761
Unrealised fair value change of financial assets at FVTPL	77,782	(1,117,664)
Unrealised fair value change of financial liabilities at FVTPL	(54,236)	(365,696)
Unrealised fair value change of derivative financial instruments	404,764	911,214
	<b>2,387,769</b>	<b>1,900,081</b>

### 9. OTHER INCOME, GAINS AND LOSSES, NET

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Foreign exchange losses, net	(57,866)	(178,363)
Rental income	4,476	3,405
Government grants	201,633	223,021
Bulk commodity trading income	5,197,756	6,428,079
Other	181,121	166,794
	<b>5,527,120</b>	<b>6,642,936</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 10. DEPRECIATION AND AMORTISATION

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Depreciation of property and equipment	294,880	282,144
Depreciation of right-of-use assets	360,732	350,183
Depreciation of investment properties	8,076	11,439
Amortisation of other intangible assets	145,710	134,288
	<b>809,398</b>	778,054

## 11. STAFF COSTS

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Salaries, bonus and allowances	3,619,421	3,766,666
Social welfare	782,336	689,177
Contributions to annuity schemes	163,047	182,270
	<b>4,564,804</b>	4,638,113

*Note:* The domestic employees of the Group in the PRC participate in state-managed retirement benefit schemes operated by the respective local government in the PRC. The Group also operates a Mandatory Provident Fund Scheme for all qualified employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. Apart from participating in various defined contribution retirement benefit plans organised by municipal and provincial governments in Mainland China, the Group is also required to make monthly contributions to annuity schemes at fixed rates of the employees' salary and bonus for the period. The Group's contributions to these pension plans are charged to profit or loss in the period to which they relate.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 12. COMMISSION AND FEE EXPENSES

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Securities and futures broking and dealing expenses ( <i>Note a</i> )	3,136,192	608,657
Underwriting, sponsors and financial advisory fee expenses	89,046	55,373
Other service expenses	138,502	180,469
	<b>3,363,740</b>	<b>844,499</b>

*Note a:* Refer to Note 6 for details of the change in presentation requirement in 2023.

### 13. INTEREST EXPENSES

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Account payables to brokerage clients	117,953	128,999
Repurchase agreements	1,494,077	1,353,382
Borrowings	55,595	34,008
Placements from banks and financial institutions	358,652	87,593
Short-term financing bill payables	110,438	227,128
Debt securities issued	2,143,252	2,188,818
Lease liabilities	19,860	25,689
	<b>4,299,827</b>	<b>4,045,617</b>

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 14. OTHER OPERATING EXPENSES

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Advisory expenses	161,175	132,666
Auditor's remuneration	8,219	8,055
Business travel expenses	142,892	85,354
Communication expenses	215,813	226,943
Electronic equipment operating expenses	371,302	297,235
Entertainment expenses	113,400	110,946
Administrative expenses	329,018	373,287
Short-term leases and low value assets rental expenses	10,183	16,953
Products distribution expenses	636,743	847,178
Securities and futures investor protection funds	54,664	61,862
Stock exchange management fees	120,187	102,554
Sundry expenses	184,776	192,283
Tax and surcharges	83,604	81,490
Donation	25,715	24,773
Bulk commodity trading expenses	5,193,403	6,472,810
Other	1,490	2,999
	<b>7,652,584</b>	<b>9,037,388</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 15. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Expected credit losses in respect of		
– Reverse repurchase agreements	990,715	767,458
– Advances to customers	2,471	733
– Account receivables and other receivables	10,396	4,758
– Debt instruments at FVTOCI	26,666	60,098
– Debt instruments measured at amortised cost	(49)	(117)
	<b>1,030,199</b>	<b>832,930</b>

## 16. INCOME TAX EXPENSE

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Current tax:		
– PRC Enterprise Income Tax	466,980	718,186
– Hong Kong Profits Tax	–	8,575
	<b>466,980</b>	<b>726,761</b>
Adjustments in respect of current income tax in relation to prior years:		
– PRC Enterprise Income Tax	20,226	(20,663)
Deferred tax	(324,670)	(338,410)
	<b>162,536</b>	<b>367,688</b>

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 16. INCOME TAX EXPENSE *(Continued)*

Under the Enterprise Income Tax of the PRC (the “EIT Law”) and the Implementation Regulation of the EIT Law, the tax rate of the Group’s PRC subsidiaries is 25% for both years.

The income tax expense for the year can be reconciled to the profit before income tax as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Profit before income tax	2,919,140	3,378,020
Tax at the statutory tax rate of 25%	729,785	844,505
Effect of share of results of associates	(142,633)	(203,194)
Adjustments for prior years	20,226	(20,663)
Tax effect of expenses not deductible for tax purpose	65,756	46,602
Tax effect of income not taxable for tax purpose <i>(Note a)</i>	(493,427)	(474,287)
Tax effect of deductible temporary differences and tax losses not recognised <i>(Note b)</i>	59,655	256,308
Utilisation of tax losses previously not recognised	(38,582)	(57,284)
Income tax at concessionary rate	21	(11)
Effect of different tax rates of subsidiaries operating in other jurisdictions	21,110	35,087
Other <i>(Note c)</i>	(59,375)	(59,375)
Income tax expense for the year	162,536	367,688

*Note a:* Income not taxable for tax purpose mainly includes interest income from government bonds.

*Note b:* The Group has estimated unutilised tax losses which are not recognised as deferred tax assets of approximately RMB1,406 million as at 31 December 2023 (31 December 2022: RMB1,210 million), available for offsetting against future profits. No deferred tax assets have been recognised in respect of estimated tax losses due to the unpredictability of future profit streams. Those tax losses arising from the subsidiaries in Hong Kong and Singapore could be carried forward indefinitely.

*Note c:* According to the announcement on corporate income tax policy of perpetual bonds (Announcement No. 64, 2019 of the Ministry of Finance and the State Taxation Administration), when an enterprise issues perpetual bonds that meet specified conditions, the current year interest expense attributable to perpetual bond paid by the issuer is allowed to be deducted for the purpose of enterprise income tax computation.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 17. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the shareholders of the Company is as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Earnings for the purpose of basic earnings per share:		
Profit for the year attributable to equity holders of the Company	2,753,755	3,010,558
Less: profit attributable to holders of perpetual subordinated bond	(237,500)	(237,500)
Subtotal	2,516,255	2,773,058
Number of shares (in thousand):		
Number of issued shares on 1 January	8,496,645	6,993,656
Effect of A share and H share rights issue ( <i>Note a</i> )	–	1,011,199
Effect of treasury stock ( <i>Note 51</i> )	(4,625)	–
Weighted average number of ordinary shares in issue	8,492,020	8,004,855
Basic earnings per share (RMB Yuan)	0.30	0.35

There were no potential dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022, thus no diluted earnings per share is presented.

*Note a:* During the year ended 31 December 2022, the Company offered rights issue to its existing A share and H share shareholders, respectively. As the price for A rights share was below the market price at the time of rights issue, there were bonus elements for A share rights issue and the weighted average number of ordinary shares was adjusted accordingly.



# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 18. CASH AND BANK BALANCES

	As at 31 December	
	2023 RMB'000	2022 RMB'000
House accounts	21,115,779	24,840,675
including: restricted bank deposits ( <i>Note a</i> )	1,480,962	1,042,908
Cash held on behalf of clients ( <i>Note b</i> )	82,977,363	97,021,385
	<b>104,093,142</b>	121,862,060

Cash and bank balances comprise cash on hand and demand deposits which bear interest at the prevailing market rates.

*Note a:* The restricted bank deposits as of 31 December 2023 and 31 December 2022 included pledged bank deposits and other restricted bank deposits.

*Note b:* The Group maintains bank accounts to hold customers' deposits arising from normal business transactions. The Group has recognised the corresponding amount in account payables to brokerage clients (*Note 42*).

### 19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Cash and bank balances	21,083,116	24,817,952
Clearing settlement funds	6,654,860	3,201,834
Less: clearing settlement funds of		
Orient Securities Futures Co., Ltd.	(8,000)	(8,000)
bank deposits with original maturity of more than three months	(3,158,778)	(814,344)
restricted bank deposits ( <i>Note 18</i> )	(1,480,962)	(1,042,908)
	<b>23,090,236</b>	26,154,534

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 20. CLEARING SETTLEMENT FUNDS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Clearing settlement funds held with clearing houses for:		
House accounts	6,654,860	3,201,834
Clients	28,659,551	25,904,438
	35,314,411	29,106,272

## 21. DEPOSITS WITH EXCHANGES AND FINANCIAL INSTITUTIONS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Trading deposits	404,519	793,571
Credit deposits	49,727	41,497
Performance bonds	2,787,301	3,508,166
	3,241,547	4,343,234

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 22. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December 31 2023		
	Notional amounts RMB'000	Fair Value	
		Assets RMB'000	Liabilities RMB'000
Hedging instruments <sup>(i)</sup>			
– Currency derivatives			
Foreign exchange forward	904,761	16,434	–
Non-hedging instruments			
– Interest rate derivatives			
Interest rate swaps <sup>(ii)</sup>	870,815,000	26,770	16,812
Treasury bond futures <sup>(iii)</sup>	67,060,207	–	84
Collar options	7,371,130	13,694	64,510
– Equity derivatives			
Stock index futures <sup>(iv)</sup>	10,892,190	–	301
Equity linked derivatives	29,870,989	1,102,221	198,154
Stock index options	21,275,020	201,781	198,432
– Currency derivatives			
Foreign exchange options <sup>(i)</sup>	12,320,687	12,728	41,294
Foreign exchange swaps <sup>(ii)</sup>	29,780,501	26,433	1,240
Foreign exchange forward	2,019,619	31,323	–
– Credit derivatives			
Credit default swap	1,339,000	17,365	314
– Other derivative instruments			
Total return swaps	16,025,950	121,438	225,923
Commodity futures <sup>(iii)</sup>	29,572,761	–	–
Gold swaps	122,422	292	–
Gold forwards	4,959,508	248,764	–
Gold deferred contracts <sup>(iii)</sup>	480	–	–
Commodity options	15,792,613	58,407	127,138
Standard bond forward <sup>(iii)</sup>	10,000	–	–
	<b>1,120,132,838</b>	<b>1,877,650</b>	<b>874,202</b>

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 22. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

	As at 31 December 2022		
	Notional amounts RMB'000	Fair Value Assets RMB'000	Liabilities RMB'000
Non-hedging instruments			
– Interest rate derivatives			
Interest rate swaps <sup>(ii)</sup>	674,940,000	8,328	4,931
Treasury bond futures <sup>(iii)</sup>	21,914,525	–	–
Collar options	204,220	–	7,233
– Equity derivatives			
Stock index futures <sup>(iv)</sup>	9,805,390	–	672
Equity linked derivatives	24,753,845	551,075	124,570
Stock index options	12,433,694	109,451	46,263
– Currency derivatives			
Foreign exchange options <sup>(ii)</sup>	2,094,581	1,667	25,332
Foreign exchange swaps <sup>(ii)</sup>	27,069,842	1,657	1,449
Foreign exchange forward	5,410,290	45,831	–
– Credit derivatives			
Credit default swap	1,175,000	21,379	–
– Other derivative instruments			
Total return swaps	4,257,833	58,446	68,099
Commodity futures <sup>(iii)</sup>	57,951,047	–	–
Gold swaps	3,016,037	136,628	–
Gold forwards	2,125,140	76,935	–
Gold deferred contracts <sup>(iii)</sup>	410	–	–
Commodity options	6,293,995	5,937	29,897
Standard bond forward <sup>(iii)</sup>	150,000	–	–
	853,595,849	1,017,334	308,446

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 22. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

(i) Fair value hedges

Fair value hedges are used by the Group to protect against changes in the fair value of equity instruments at fair value through other comprehensive income due to exchange rate fluctuations in the foreign exchange market.

As of 31 December 2023, the notional amount of hedging instruments designated as fair value hedge is HKD984,924 thousand and the tenure is within 6 months.

As of 31 December 2023, the carrying amount of the hedged item is RMB999,119 thousand, and losses associated with hedging risk on hedged items is RMB22,811 thousand.

During the year ended 31 December 2023, net losses arising from derivatives qualified as fair value hedges amounting to RMB16,434 thousand were recognised in other comprehensive income.

(ii) Interest rate swaps, foreign exchange swaps and foreign exchange options: Daily mark-to-market settlement arrangement was implemented for some transactions of these derivatives. Any gains or losses of the Group's position in these transactions were settled daily.

(iii) Treasury bond futures, commodity futures, gold deferred contracts and standard bond forward: Under the daily mark-to-market settlement arrangement, any gains or losses of the Group's position in these derivatives were settled daily and the corresponding receipts and payments were included in "clearing settlement funds", except that treasury bond futures in Hong Kong market is not under the daily mark-to-market settlement arrangement and is presented in gross.

(iv) Stock index futures: Under the daily mark-to-market settlement arrangement, any gains or losses of the Group's position in stock index futures ("SIF") were settled daily and the corresponding receipts and payments were included in "clearing settlement funds", except that SIF in Hong Kong market is not under the daily mark-to-market settlement arrangement and is presented in gross.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 22. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Details of the Group's treasury bond futures, commodity futures, gold deferred contracts and standard bond forward are set out below:

	As at 31 December			
	2023		2022	
	Notional amount RMB'000	Fair value RMB'000	Notional amount RMB'000	Fair value RMB'000
Treasury bond futures	<b>67,060,207</b>	<b>56,854</b>	21,914,525	32,855
Less: settlement		<b>56,938</b>		32,855
Net position of treasury bond futures		<b>(84)</b>		–
Commodity futures	<b>29,572,761</b>	<b>(2,723)</b>	57,951,047	5,442
Less: settlement		<b>(2,723)</b>		5,442
Net position of commodity futures		–		–
Gold deferred contracts	<b>480</b>	<b>53</b>	410	(17)
Less: settlement		<b>53</b>		(17)
Net position of gold deferred contracts		–		–
Standard bond forward	<b>10,000</b>	<b>366</b>	150,000	185
Less: settlement		<b>366</b>		185
Net position of standard bond forward		–		–

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 22. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Details of the Group's interest rate swaps are set out below:

	As at 31 December			
	2023		2022	
	Notional amount RMB'000	Fair value RMB'000	Notional amount RMB'000	Fair value RMB'000
Interest rate swaps	870,815,000	(256,583)	674,940,000	101,314
Less: settlement		(266,541)		97,917
Net position of interest rate swaps		9,958		3,397

Details of the Group's foreign exchange swaps are set out below:

	As at 31 December			
	2023		2022	
	Notional amount RMB'000	Fair value RMB'000	Notional amount RMB'000	Fair value RMB'000
Foreign exchange swaps	29,780,501	41,286	27,069,842	(79,401)
Less: settlement		16,093		(79,609)
Net position of foreign exchange swap		25,193		208

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 22. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Details of the Group's foreign exchange options are set out below:

	As at 31 December			
	2023		2022	
	Notional amount RMB'000	Fair value RMB'000	Notional amount RMB'000	Fair value RMB'000
Foreign exchange options	12,320,687	(28,587)	2,094,581	(23,670)
Less: settlement		(21)		(5)
Net position of foreign exchange options		(28,566)		(23,665)

Details of the Group's SIF are set out below:

	As at 31 December			
	2023		2022	
	Notional amount RMB'000	Fair value RMB'000	Notional amount RMB'000	Fair value RMB'000
SIF	10,892,190	(22,522)	9,805,390	(116,284)
Less: settlement		(22,221)		(115,612)
Net position of SIF		(301)		(672)



# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 23. ADVANCES TO CUSTOMERS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Loans to margin clients	21,127,701	19,551,657
Less: impairment allowance	(55,900)	(52,758)
	<b>21,071,801</b>	<b>19,498,899</b>

The credit facility limits to margin clients are determined by the discounted market value of the collateral securities accepted by the Group.

Loans to margin clients which are secured by the underlying pledged securities and cash collateral are interest bearing. The Group maintains a list of approved stocks for margin lending at a specified loan-to-collateral ratio. Any excess in the lending ratio will trigger a margin call when the customers have to make up the difference.

Advances to customers were secured by the customers' securities and cash collateral, which were pledged to the Group as collateral. The total undiscounted market values of collaterals held in clients' margin accounts in respect of margin financing business amounted to approximately RMB67,734 million as at 31 December 2023 (31 December 2022: RMB64,597 million).

The directors of the Company are of the opinion that the ageing analysis does not give additional value in view of the nature of margin financing business. As a result, no ageing analysis is disclosed.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 23. ADVANCES TO CUSTOMERS (Continued)

The following table shows reconciliation of loss allowances that has been recognised for advances to customers.

	12m ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2023	1,121	699	50,938	52,758
– Transfer to lifetime not credit-impaired	(11)	11	–	–
– Transfer to 12m ECL	74	(74)	–	–
– Impairment losses recognised/(reversed)	848	(206)	1,829	2,471
– Foreign exchange differences	2	–	669	671
As at 31 December 2023	2,034	430	53,436	55,900

	12m ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2022	1,299	215	46,648	48,162
– Transfer to lifetime not credit-impaired	(162)	162	–	–
– Transfer to 12m ECL	182	(182)	–	–
– Impairment losses (reversed)/recognised	(200)	504	429	733
– Foreign exchange differences	2	–	3,861	3,863
As at 31 December 2022	1,121	699	50,938	52,758

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 23. ADVANCES TO CUSTOMERS *(Continued)*

The table below details the credit risk exposures of the Group's advances to customers, which are subject to ECL assessment.

**As at 31 December 2023**

	12m ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
Gross carrying amount	19,985,108	1,089,157	53,436	21,127,701

**As at 31 December 2022**

	12m ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
Gross carrying amount	18,473,192	1,027,527	50,938	19,551,657

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 24. ACCOUNT RECEIVABLES

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Account receivables from/related to:		
– Clearing house	132,812	66,046
– Brokers	106,762	255,539
– Asset management fee and trading seats commission	391,594	548,595
– Advisory and investment banking commission	43,730	48,490
Subtotal	674,898	918,670
Less: impairment allowance	(4,139)	(10,271)
	670,759	908,399

Aging analysis of account receivables from the revenue recognition dates is as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Within 1 year	652,356	856,390
Between 1 and 2 years	13,786	45,089
Between 2 and 3 years	4,617	2,515
Over 3 years	–	4,405
	670,759	908,399

The normal settlement terms of account receivables from clearing house and brokers are within three months after trading date. Trading limits are set for clients. Normal settlement terms of account receivables from asset management fee and trading seats commission, advisory and investment banking commission are determined in accordance with the contract terms, usually within three months after the service is provided.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 24. ACCOUNT RECEIVABLES *(Continued)*

The following table shows reconciliation of loss allowances that has been recognised for account receivables.

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2023	4,398	5,873	10,271
– Impairment losses reversed	(950)	(5,205)	(6,155)
– Foreign exchange differences	23	–	23
As at 31 December 2023	3,471	668	4,139

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2022	5,405	5,853	11,258
– Impairment losses (reversed)/recognised	(1,170)	120	(1,050)
– Write off	–	(100)	(100)
– Foreign exchange differences	163	–	163
As at 31 December 2022	4,398	5,873	10,271

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 24. ACCOUNT RECEIVABLES *(Continued)*

The table below details the credit risk exposures of the Group's account receivables, which are subject to ECL assessment.

### As at 31 December 2023

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
Gross carrying amount	674,230	668	674,898

### As at 31 December 2022

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
Gross carrying amount	907,090	11,580	918,670

As at 31 December 2023, included in the Group's account receivables balance are those with aggregate carrying amount of RMB668 thousand (31 December 2022: RMB10,236 thousand) which are past due as at the reporting date.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 25. REVERSE REPURCHASE AGREEMENTS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Analysed by collateral type:		
– Stock	6,469,633	9,965,133
– Bonds	3,857,202	3,575,907
Subtotal	10,326,835	13,541,040
Less: impairment allowance	(4,889,101)	(4,930,159)
	5,437,734	8,610,881
Analysed by market:		
– Stock exchange	8,334,166	10,749,892
– Inter-bank market	1,992,669	2,791,148
Less: impairment allowance	(4,889,101)	(4,930,159)
	5,437,734	8,610,881

The reverse repurchase agreements are those resale agreements that qualified investors entered into with the Group with a commitment to purchase the specified assets at a future date at an agreed price.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 25. REVERSE REPURCHASE AGREEMENTS *(Continued)*

The following tables show reconciliation of loss allowances that have been recognised for financial assets (collateralised by stock) held under resale agreements.

	12m ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2023	-	-	4,930,159	4,930,159
- Impairment losses recognised	-	-	990,715	990,715
- Transfer out	-	-	(1,031,773)	(1,031,773)
As at 31 December 2023	-	-	4,889,101	4,889,101

	12m ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2022	-	-	5,382,806	5,382,806
- Impairment losses recognised	-	-	767,458	767,458
- Transfer out	-	-	(1,196,286)	(1,196,286)
- Write off	-	-	(23,819)	(23,819)
As at 31 December 2022	-	-	4,930,159	4,930,159



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 25. REVERSE REPURCHASE AGREEMENTS *(Continued)*

The table below details the credit risk exposures of the Group's reverse repurchase agreements, which are subject to ECL assessment.

**As at 31 December 2023**

	12m ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
Gross carrying amount	3,857,202	–	6,469,633	10,326,835
– Stock	–	–	6,469,633	6,469,633
– Bonds	3,857,202	–	–	3,857,202

**As at 31 December 2022**

	12m ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
Gross carrying amount	3,575,907	–	9,965,133	13,541,040
– Stock	–	–	9,965,133	9,965,133
– Bonds	3,575,907	–	–	3,575,907

Both the gross carrying amount of the Group's reverse repurchase agreements in credit-impaired stage and the amount of ECL of this stage decreased as at 31 December 2023 as compared with 31 December 2022.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Analysed by type:		
– Debt securities ( <i>Note a</i> )	44,260,049	36,616,115
– Equity securities	6,916,863	6,205,297
– Funds	15,938,601	11,707,357
– Associates ( <i>Note b</i> )	1,800,815	1,933,905
– Other investments ( <i>Note c</i> )	28,153,316	27,301,056
	<b>97,069,644</b>	<b>83,763,730</b>
Analysed as:		
– Listed ( <i>Note d</i> )	21,239,787	18,742,963
– Unlisted ( <i>Note e</i> )	75,829,857	65,020,767
	<b>97,069,644</b>	<b>83,763,730</b>

*Note a:* Debt securities include convertible bonds with contractual terms giving rise to cash flows that are not solely payments of principal and interest on the principal outstanding. Accordingly, they are measured at FVTPL.

*Note b:* This consists of 67 associates measured at fair value as at 31 December 2023 (31 December 2022: 55) and none of these associates is individually material.

*Note c:* Other investments mainly represent investments in collective asset management schemes issued and managed by the Group, perpetual instruments, wealth management products issued by banks and targeted asset management schemes (or trust investments) managed by non-bank financial institutions. These investments mainly invest in debt securities and publicly traded equity securities listed in the PRC.

*Note d:* Securities and funds traded on stock exchanges are included in the “Listed” category.

*Note e:* The unlisted debt securities and perpetual instruments were traded on inter-bank market.

As at 31 December 2023, the Group’s pledged collateral of bonds and funds included in financial assets at fair value through profit or loss in connection with its repurchase agreements and securities borrowing amounted to RMB30,812 million (31 December 2022: RMB28,779 million) and RMB2,658 million (31 December 2022: RMB2,125 million), respectively.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 27. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Analysed by type:		
– Government bonds	37,329,351	24,202,295
– Bonds issued by policy banks	1,497,672	1,686,510
– Bonds issued by commercial banks and other financial institutions	3,406,222	3,648,763
– Other debt securities ( <i>Note a</i> )	48,580,468	47,324,528
	<b>90,813,713</b>	<b>76,862,096</b>
Analysed as:		
– Listed ( <i>Note b</i> )	49,568,073	43,715,110
– Unlisted ( <i>Note c</i> )	41,245,640	33,146,986
	<b>90,813,713</b>	<b>76,862,096</b>

*Note a:* Other debt securities mainly comprise bonds and notes issued by corporates.

*Note b:* Debt securities traded on stock exchanges are included in the “Listed” category.

*Note c:* The unlisted debt securities were traded on inter-bank market.

As at 31 December 2023, the Group’s pledged collateral of bonds included in debt instruments at FVTOCI in connection with its repurchase agreements and securities borrowing amounted to RMB44,956 million (31 December 2022: RMB25,802 million) and RMB7,671 million (31 December 2022: RMB13,918 million), respectively.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 27. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

The following table shows reconciliation of loss allowances that have been recognised for debt instruments at FVTOCI.

	12m ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2023	18,187	–	235,431	253,618
– Transfer to lifetime not credit-impaired	(13)	13	–	–
– Transfer to lifetime credit-impaired	–	(4,650)	4,650	–
– Impairment losses recognised	3,645	4,637	18,384	26,666
– Write off	–	–	(106,037)	(106,037)
– Foreign exchange differences	(125)	–	–	(125)
As at 31 December 2023	21,694	–	152,428	174,122

	12m ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2022	11,225	25,350	196,896	233,471
– Transfer to lifetime not credit-impaired	(32)	32	–	–
– Transfer to lifetime credit-impaired	–	(25,382)	25,382	–
– Impairment losses recognised	6,985	–	53,113	60,098
– Write off	–	–	(39,960)	(39,960)
– Foreign exchange differences	9	–	–	9
As at 31 December 2022	18,187	–	235,431	253,618

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 27. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

The table below details the credit risk exposures of the Group's debt instruments at FVTOCI, which are subject to ECL assessment.

**As at 31 December 2023**

	12m ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
Gross carrying amount	90,644,003	–	288,918	90,932,921

**As at 31 December 2022**

	12m ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
Gross carrying amount	77,236,316	–	366,111	77,602,427

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 28. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Analysed by type:		
– Equity securities ( <i>Note a</i> )	4,521,902	3,390,348
– Perpetual instruments ( <i>Note b</i> )	1,776,276	331,310
	<b>6,298,178</b>	<b>3,721,658</b>
Analysed as:		
– Listed ( <i>Note c</i> )	4,458,619	3,498,354
– Unlisted ( <i>Note d</i> )	1,839,559	223,304
	<b>6,298,178</b>	<b>3,721,658</b>

*Note a:* The above equity investments include those ordinary shares of the entities listed on the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Hong Kong Stock Exchange and those equity securities traded on National Equities Exchange and Quotations (the “NEEQ”). These investments are not held for trading, instead, they are held for long-term strategic purposes. The Group has elected to designate these investments in equity instruments as at FVTOCI as it believes that recognising short-term fluctuations in these investments’ fair value in profit or loss would not be consistent with the Group’s strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Besides, some of the above equity investments represent the Group’s equity interests in private entities established in the PRC. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI for the strategy of holding these investments for long-term purposes.

In the current year, the Group disposed of certain investments in equity securities traded on the NEEQ, equity investments listed on stock exchanges and private equity investments as these investments no longer meet the investment objective of the Group. The cumulative losses net of income tax on disposal of RMB1,288 thousand (2022: cumulative losses net of income tax on disposal of RMB903 thousand) on equity securities traded on the NEEQ, and the cumulative gains net of income tax on disposal of RMB14,776 thousand (2022: cumulative gains net of income tax on disposal of RMB463,225 thousand) on equity securities listed on stock exchanges and RMB2,589 thousand (2022: cumulative gains net of income tax on disposal of RMB2,156 thousand) on private equity investments have been transferred to retained earnings respectively.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 28. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

*Note b:* Those perpetual instruments are equity instruments which are not held for trading. Instead, they are held for long-term strategic purposes. The Group has elected to designate these perpetual instruments as at FVTOCI as it believes that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their dividend income in the long run. In 2023, the Group disposed of certain perpetual instruments as these investments no longer meet the investment objective of the Group. The cumulative gains net of income tax on disposal of RMB7,006 thousand (2022: Nil) on perpetual instruments have been transferred to retained earnings respectively.

*Note c:* Securities traded on stock exchanges are included in the "Listed" category.

*Note d:* The unlisted perpetual instruments were traded on inter-bank market.

As at 31 December 2023, the Group's perpetual instruments recorded in equity instruments at FVTOCI pledged as collateral for the Group's repurchase agreements amounted to nil (31 December 2022: RMB310 million) and for securities borrowing amounted to RMB51 million (31 December 2022: Nil), respectively.

### 29. DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Analysed by type:		
– Government bonds	957,585	957,585
– Bonds issued by commercial banks and other financial institutions	440,417	1,862,751
– Other debt securities <i>(Note a)</i>	188,651	344,747
Less: impairment allowance	(62)	(111)
	<b>1,586,591</b>	<b>3,164,972</b>
Analysed as:		
– Listed <i>(Note b)</i>	279,498	435,544
– Unlisted <i>(Note c)</i>	1,307,093	2,729,428
	<b>1,586,591</b>	<b>3,164,972</b>

*Note a:* Other debt securities mainly comprise bonds and notes issued by corporates.

*Note b:* The debt securities traded on stock exchanges are included in the "Listed" category.

*Note c:* The unlisted debt securities were traded on inter-bank market.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 29. DEBT INSTRUMENTS MEASURED AT AMORTISED COST *(Continued)*

The following table shows reconciliation of loss allowances that has been recognised for debt instruments measured at amortised cost.

	12m ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2023	111	–	–	111
– Impairment losses reversed	(49)	–	–	(49)
As at 31 December 2023	62	–	–	62

	12m ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2022	228	–	–	228
– Impairment losses reversed	(117)	–	–	(117)
As at 31 December 2022	111	–	–	111



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 29. DEBT INSTRUMENTS MEASURED AT AMORTISED COST *(Continued)*

The table below details the credit risk exposures of the Group's debt instruments measured at amortised cost, which are subject to ECL assessment:

### As at 31 December 2023

	12m ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
Gross carrying amount	1,586,653	–	–	1,586,653

### As at 31 December 2022

	12m ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
Gross carrying amount	3,165,083	–	–	3,165,083

As of 31 December 2023 and 2022, all of the Group's debt instruments measured at amortised cost are bonds that are investment grade. Therefore, these investments are considered to be low credit risk investments.

As at 31 December 2023, the Group pledged bonds included in debt instruments measured at amortised cost as collateral in connection with its repurchase agreements amounting to RMB1,581 million (31 December 2022: RMB2,777 million) and in connection with its securities borrowing amounting to nil (31 December 2022: RMB223 million), respectively.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 30. INVESTMENTS IN ASSOCIATES

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Cost of unlisted investments in associates	2,850,491	2,748,867
Share of post-acquisition profits and other comprehensive income, net of dividends received	3,800,651	3,711,779
Less: impairment allowance ( <i>Note a</i> )	(397,168)	(218,726)
	<b>6,253,974</b>	6,241,920

*Note a:* The impairment allowance of investments in associates as at 31 December 2023 related to three associates invested by the Group. In 2023, there were indications of impairment for OCI International Holdings Limited as a result of the continued decline in its share price and the continued losses from operations. The impairment loss of the other two associates were not material. The Group performed impairment test for OCI International Holdings Limited by comparing its recoverable amounts with its carrying amount. A provision for impairment of approximately RMB220 million was made during the year ended 31 December 2023.

At the end of each reporting period, the Group had the following principal associates accounted for using the equity method:

Name of associates	Place and date of establishment	Equity interest held by the Group as at 31 December		Principal activities
		2023	2022	
匯添富基金管理股份有限公司 China Universal Asset Management Company Limited (“China Universal”)	PRC 3 February 2005	35.41%	35.41%	Fund management
東證睿波(上海)投資中心(有限合夥) Orient Securities Ruibo (Shanghai) Investment Center LLP. <sup>(1)*</sup>	PRC 25 June 2015	55.63%	55.63%	Investment management

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 30. INVESTMENTS IN ASSOCIATES (Continued)

Name of associates	Place and date of establishment	Equity interest held by the Group as at 31 December		Principal activities
		2023	2022	
海寧東證藍海併購投資合夥企業 (有限合夥) Haining Orient Securities Lanhai Merge Investment Partnership LLP. *	PRC 13 July 2016	25.75%	25.75%	Investment management
東建國際控股有限公司 OCI International Holdings Limited	Cayman Islands 6 June 2015	20.94%	20.94%	Securities Investment
誠泰融資租賃(上海)有限公司 Chengtay Financial Leasing (Shanghai) Co., Ltd.	PRC 11 September 2015	20.19%	20.19%	Leasing
宜興東證睿元股權投資合夥企業 (有限合夥) Yixing Dongzheng Ruiyuan Equity Investment Partnership LLP. (2)*	PRC 11 March 2020	19.19%	19.18%	Investment management
寧波梅山保稅港區東證夏德投資 合夥企業(有限合夥) Ningbo Meishan Bonded Port Area Orient Securities Xiade Investment Partnership LLP. (2)*	PRC 11 February 2018	18.89%	18.89%	Investment management
南通東證富象股權投資中心 (有限合夥) Nantong Orient Securities Fuxiang Equity Investment Center LLP. (2)*	PRC 7 November 2017	19.93%	19.93%	Investment management
成都交子東方投資發展合夥企業 (有限合夥) Chengdu Jiaozi Oriental Investment Development Partnership LLP. (1)*	PRC 17 January 2020	50.00%	50.00%	Leasing and investment management

\* English translated names are for identification purpose only.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 30. INVESTMENTS IN ASSOCIATES *(Continued)*

- (1) Although the Group's percentages of shareholdings in these investees are 50% or more, they are accounted for as associate as the Group only has significant influence over these investees due to the relevant arrangements stipulated in the articles of association or other agreements.
- (2) Although the Group's percentages of shareholdings in these investees are lower than 20%, they are accounted for as associates as the Group has significant influence over these investees due to the relevant arrangements stipulated in the articles of association or other agreements.

The summarised consolidated financial information of China Universal, which is an individually significant associate to the Group that is accounted for using equity method, prepared in accordance with IFRSs, is set out below:

#### China Universal

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Total assets	13,936,772	13,547,905
Total liabilities	4,063,448	4,158,872
Net assets	9,873,324	9,389,033

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Total revenue	5,371,161	6,787,450
Profit for the year	1,415,499	2,093,657
Other comprehensive income	9,807	46,481
Total comprehensive income	1,425,306	2,140,138

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 30. INVESTMENTS IN ASSOCIATES *(Continued)*

#### China Universal *(Continued)*

Reconciliation of the above consolidated financial information to the carrying amount of the interest in above associate recognised in the financial statements:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Equity attributable to equity holders of the associate	9,873,324	9,389,033
Proportion of equity interests held by the Group	35.41%	35.41%
Carrying amount	3,496,013	3,324,542

Aggregate information of associates that are not individually material:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
The Group's share of profits/(losses)	83,021	(75,381)
The Group's share of other comprehensive income	1,045	499
The Group's share of total comprehensive income/(expenses)	84,066	(74,882)
Aggregate carrying amount of the Group's interests in these associates	2,757,961	2,917,378

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 31. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

#### 31.1 Structured entities set up and managed by the Group

The Group served as the investment manager of structured entities (including funds, collective asset management schemes and limited partnerships), therefore had power over them during the years ended 31 December 2023 and 2022. Except for the structured entities the Group has consolidated as disclosed in Note 36, based on management assessment, these structured entities are not controlled by the Group. The Group therefore did not consolidate these structured entities.

The total net assets of unconsolidated funds, asset management schemes and limited partnership set up and managed by the Group amounted to RMB257,708 million as at 31 December 2023 (31 December 2022: RMB310,285 million). The relating asset and fund management fee income for the year ended 31 December 2023 amounted to RMB2,268 million (31 December 2022: RMB2,849 million). The Group classified the investments in unconsolidated funds, asset management schemes and limited partnership as financial assets at FVTPL and investments in associates as at 31 December 2023 and 2022. As at 31 December 2023, the carrying amount of the Group's interests in unconsolidated funds, asset management schemes and limited partnership were RMB3,846 million (31 December 2022: RMB3,563 million), which approximates the maximum risk exposure of the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 31. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES *(Continued)*

### 31.1 Structured entities set up and managed by the Group *(Continued)*

The table below shows the carrying amount of unconsolidated funds, asset management schemes and limited partnership in which the Group acted as investment manager and held interests and its maximum exposure to loss in relation to those interests as at 31 December 2023 and 2022.

#### As at 31 December 2023

	Carrying amount RMB'000	Maximum loss exposure RMB'000
Financial assets at fair value through profit or loss	2,951,495	2,951,495
Investments in associates	894,634	894,634
Total	3,846,129	3,846,129

#### As at 31 December 2022

	Carrying amount RMB'000	Maximum loss exposure RMB'000
Financial assets at fair value through profit or loss	2,412,242	2,412,242
Investments in associates	1,151,231	1,151,231
Total	3,563,473	3,563,473

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 31. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES *(Continued)*

#### 31.2 Structured entities set up and managed by third party institutions in which the Group holds an interest

The types of structured entities that the Group does not consolidate but in which it holds an interest mainly include funds, asset management schemes, limited partnership, trust schemes and wealth management products issued by banks or other financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These vehicles are financed through the issue of units to investors.

The table below shows the carrying amount of unconsolidated funds, asset management schemes, limited partnership, trust schemes and wealth management products in which the third party acted as investment manager and the Group held interests and its maximum exposure to loss in relation to those interests as at 31 December 2023 and 2022.

#### As at 31 December 2023

	Carrying amount RMB'000	Maximum loss exposure RMB'000
Financial assets at fair value through profit or loss	35,120,650	35,120,650
Investments in associates	161,385	161,385
<b>Total</b>	<b>35,282,035</b>	<b>35,282,035</b>

#### As at 31 December 2022

	Carrying amount RMB'000	Maximum loss exposure RMB'000
Financial assets at fair value through profit or loss	30,710,810	30,710,810
Investments in associates	176,241	176,241
<b>Total</b>	<b>30,887,051</b>	<b>30,887,051</b>



# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 32. RIGHT-OF-USE ASSETS

	Buildings RMB'000	Motor Vehicles RMB'000	Total RMB'000
<b>COST</b>			
As at 1 January 2023	1,655,000	6,111	1,661,111
Additions	297,345	323	297,668
Deductions	(142,076)	(837)	(142,913)
Exchange difference	889	–	889
As at 31 December 2023	1,811,158	5,597	1,816,755
<b>ACCUMULATED DEPRECIATION</b>			
As at 1 January 2023	1,017,736	3,460	1,021,196
Charge for the year	365,276	1,225	366,501
Deductions	(128,355)	(647)	(129,002)
Exchange difference	726	–	726
As at 31 December 2023	1,255,383	4,038	1,259,421
<b>CARRYING AMOUNT</b>			
As at 1 January 2023	637,264	2,651	639,915
As at 31 December 2023	555,775	1,559	557,334

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 32. RIGHT-OF-USE ASSETS (Continued)

	Buildings RMB'000	Motor Vehicles RMB'000	Total RMB'000
<b>COST</b>			
As at 1 January 2022	1,568,661	3,429	1,572,090
Additions	232,545	3,366	235,911
Deductions	(158,547)	(684)	(159,231)
Transfer during the year	6,888	–	6,888
Exchange difference	5,453	–	5,453
As at 31 December 2022	1,655,000	6,111	1,661,111
<b>ACCUMULATED DEPRECIATION</b>			
As at 1 January 2022	795,620	2,457	798,077
Charge for the year	348,502	1,681	350,183
Deductions	(137,081)	(678)	(137,759)
Transfer during the year	6,888	–	6,888
Exchange difference	3,807	–	3,807
As at 31 December 2022	1,017,736	3,460	1,021,196
<b>CARRYING AMOUNT</b>			
As at 1 January 2022	773,041	972	774,013
As at 31 December 2022	637,264	2,651	639,915

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 32. RIGHT-OF-USE ASSETS *(Continued)*

For both years, the Group leased various buildings and vehicles for its operations. Lease contracts are entered into for term of 1 year to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

For the year ended 31 December 2023, total cash outflow for leases amounted to RMB411,652 thousand (31 December 2022: RMB390,518 thousand); expense relating to short-term leases and leases of low value assets excluding short-term leases of low value assets amounted to RMB8,564 thousand and RMB1,619 thousand respectively (31 December 2022: RMB15,875 thousand and RMB1,078 thousand respectively).

As at 31 December 2023 and 2022, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in Note 14.

In addition, lease liabilities of RMB547,475 thousand were recognised as at 31 December 2023 (31 December 2022: RMB645,777 thousand) (Note 48). Interest expenses of lease liabilities are set out in Note 13. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

As at 31 December 2023 and 2022, the Group did not enter into leases that were not yet commenced.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 33. INVESTMENT PROPERTIES

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
<b>COST</b>		
At beginning of the year	286,502	372,457
Transfer during the year	–	(13,103)
Disposal	(96,907)	(72,852)
At end of the year	189,595	286,502
<b>ACCUMULATED DEPRECIATION</b>		
At beginning of the year	20,919	20,046
Charge for the year	8,076	11,439
Transfer during the year	–	(8,881)
Disposal	(4,813)	(1,685)
At end of the year	24,182	20,919
<b>CARRYING VALUES</b>		
At beginning of the year	265,583	352,411
At end of the year	165,413	265,583

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 34. PROPERTY AND EQUIPMENT

	Leasehold land and buildings RMB'000	Electronic and communication equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
<b>COST</b>							
As at 1 January 2023	1,885,041	1,096,348	43,720	146,581	661,868	36,304	3,869,862
Additions	-	40,519	256	16,696	38,906	810,895	907,272
Disposals	-	(39,926)	(4,426)	(6,166)	-	-	(50,518)
Transfer during the year	-	80,056	273	1,505	-	(81,834)	-
Exchange difference	-	285	9	75	311	44	724
As at 31 December 2023	1,885,041	1,177,282	39,832	158,691	701,085	765,409	4,727,340
<b>ACCUMULATED DEPRECIATION</b>							
As at 1 January 2023	321,392	770,940	35,404	90,545	521,114	-	1,739,395
Charge for the year	64,923	137,738	2,808	28,727	60,684	-	294,880
Eliminated on disposals	-	(36,878)	(4,294)	(5,634)	-	-	(46,806)
Exchange difference	-	214	9	56	223	-	502
As at 31 December 2023	386,315	872,014	33,927	113,694	582,021	-	1,987,971
<b>CARRYING VALUES</b>							
As at 31 December 2023	1,498,726	305,268	5,905	44,997	119,064	765,409	2,739,369

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 34. PROPERTY AND EQUIPMENT *(Continued)*

	Leasehold land and buildings RMB'000	Electronic and communication equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
<b>COST</b>							
As at 1 January 2022	1,879,840	1,071,380	43,841	145,556	629,057	26,712	3,796,386
Additions	-	57,213	260	8,346	30,979	80,737	177,535
Disposals	(1,014)	(103,385)	(434)	(9,156)	-	-	(113,989)
Transfer during the year	6,215	69,814	-	1,599	-	(71,413)	6,215
Exchange difference	-	1,326	53	236	1,832	268	3,715
As at 31 December 2022	1,885,041	1,096,348	43,720	146,581	661,868	36,304	3,869,862
<b>ACCUMULATED DEPRECIATION</b>							
As at 1 January 2022	259,621	725,189	32,276	83,227	461,207	-	1,561,520
Charge for the year	60,436	143,388	3,492	15,984	58,844	-	282,144
Eliminated on disposals	(658)	(98,626)	(412)	(8,804)	-	-	(108,500)
Transfer during the year	1,993	-	-	-	-	-	1,993
Exchange difference	-	989	48	138	1,063	-	2,238
As at 31 December 2022	321,392	770,940	35,404	90,545	521,114	-	1,739,395
<b>CARRYING VALUES</b>							
As at 31 December 2022	1,563,649	325,408	8,316	56,036	140,754	36,304	2,130,467

The carrying amount of the Group's property and equipment included leasehold interest in land. As the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, therefore, the entire property is classified as property and equipment.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 35. OTHER INTANGIBLE ASSETS

	Trading rights RMB'000	Computer software RMB'000	Total RMB'000
<b>COST</b>			
As at 1 January 2023	61,553	967,131	1,028,684
Additions	–	186,282	186,282
Disposals	–	(6,554)	(6,554)
Exchange difference	–	476	476
As at 31 December 2023	61,553	1,147,335	1,208,888
<b>ACCUMULATED AMORTISATION</b>			
As at 1 January 2023	39,810	742,831	782,641
Charge for the year	–	145,710	145,710
Eliminated on disposals	–	(6,554)	(6,554)
Exchange difference	–	367	367
As at 31 December 2023	39,810	882,354	922,164
<b>CARRYING VALUES</b>			
As at 31 December 2023	21,743	264,981	286,724

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 35. OTHER INTANGIBLE ASSETS (Continued)

	Trading rights RMB'000	Computer software RMB'000	Total RMB'000
<b>COST</b>			
As at 1 January 2022	61,553	836,268	897,821
Additions	–	129,135	129,135
Exchange difference	–	1,728	1,728
As at 31 December 2022	61,553	967,131	1,028,684
<b>ACCUMULATED AMORTISATION</b>			
As at 1 January 2022	39,810	607,364	647,174
Charge for the year	–	134,288	134,288
Exchange difference	–	1,179	1,179
As at 31 December 2022	39,810	742,831	782,641
<b>CARRYING VALUES</b>			
As at 31 December 2022	21,743	224,300	246,043

Trading rights mainly comprise the trading rights in the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the National Equities Exchange and Quotations, where the Group is allowed to trade securities and futures contracts.

#### Impairment Testing On Trading Rights with Indefinite Useful Lives

The trading rights held by the Group are considered by the directors of the Company as having indefinite useful lives because they are expected to contribute net cash inflows indefinitely. The trading rights will not be amortised until their useful life is determined to be finite. Instead, they will be tested for impairment annually, or whenever there is an indication that they may be impaired.

The respective recoverable amounts of the cash-generating unit relating to brokerage business whereby these trading rights are allocated to, using a value in use calculation, exceed their carrying amounts. Accordingly, the management of the Group determined that there was no impairment of the trading rights as at 31 December 2023 and 2022.



# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

At the end of each reporting period, the Company has the following subsidiaries comprising the Group:

Name of subsidiaries	Type of legal entity registered	Place of incorporation/ establishment/ operations	Equity interest held by the Group As at 31 December		Registered capital as at 31 December 2023	Principal activities
			2023	2022		
上海東證期貨有限公司 Orient Securities Futures Co., Ltd. <sup>(1) (4)</sup>	Limited liability company	PRC	100.00%	100.00%	RMB4,300,000,000	Commodity futures brokerage, financial futures brokerage, and futures investment advisory
上海東祺投資管理有限公司 Shanghai Dongqi Investment Management Co., Ltd. *	Limited liability company	PRC	100.00%	100.00%	RMB250,000,000	Equity investment, investment management, and asset management
東證潤和資本管理有限公司 Orient Runhe Asset Management Co., Ltd. *	Limited liability company	PRC	100.00%	100.00%	RMB1,000,000,000	Equity investment, investment management, and asset management
上海東方證券資產管理有限公司 Orient Securities Asset Management Co., Ltd. <sup>(1)</sup>	Limited liability company	PRC	100.00%	100.00%	RMB300,000,000	Securities asset management, securities investment, and fund management
上海東方證券資本投資有限公司 Orient Securities Capital Co., Ltd. <sup>(1)</sup>	Limited liability company	PRC	100.00%	100.00%	RMB4,000,000,000	Private equity investment, bond investment, and related investment advisory
東方睿義(上海)投資管理有限公司 Orient Ruiyi (Shanghai) Investment Management Co., Ltd. *	Limited liability company	PRC	100.00%	100.00%	RMB1,350,000,000	Investment management and investment advisory
東方星輝(北京)投資基金管理有限公司 Orient Xinghui (Beijing) Investment Funds Management Co., Ltd. *	Limited liability company	PRC	57.95%	57.95%	RMB8,800,000	Investment management and investment advisory

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiaries	Type of legal entity registered	Place of incorporation/ establishment/ operations	Equity interest held by the Group As at 31 December		Registered capital as at 31 December 2023	Principal activities
			2023	2022		
東石發展有限公司 East Milestone Company Limited	Limited liability company	Hong Kong	100.00%	100.00%	HKD3,000,000	Investment management and investment advisory
東方翌睿(上海)投資管理有限公司 Orient Securities Yirui (Shanghai) Investment Management Co., Ltd. *	Limited liability company	PRC	51.00%	51.00%	RMB2,000,000	Investment management, asset management, and industrial investment
東方弘泰資本投資(成都)有限公司 Orient Hongtai Capital Investment (Chengdu) Co., Ltd. *	Limited liability company	PRC	51.00%	51.00%	RMB30,000,000	Investment management, asset management, and project investment
Golden Power Group Limited	Limited liability company	British Virgin Islands ("BVI")	100.00%	100.00%	USD100	Equity investment and industrial investment
誠麒環球有限公司 <sup>(9)</sup> Chengqi Global Limited *	Limited liability Company	BVI	N/A	100.00%	USD100	Equity investment and industrial investment
東方金融控股(香港)有限公司 Orient Finance Holdings (Hong Kong) Limited <sup>(1)</sup>	Limited liability company	Hong Kong	100.00%	100.00%	HKD2,754,078,015	Investment holding and provision of management services
東方證券(香港)有限公司 ORIENT SECURITIES (HONG KONG) LIMITED	Limited liability company	Hong Kong	100.00%	100.00%	HKD1,000,000,000	Securities brokerage
東方期貨(香港)有限公司 ORIENT FUTURES (HONG KONG) LIMITED	Limited liability company	Hong Kong	100.00%	100.00%	HKD100,000,000	Futures brokerage
東方資產管理(香港)有限公司 ORIENT ASSET MANAGEMENT (HONG KONG) LIMITED	Limited liability company	Hong Kong	100.00%	100.00%	HKD100,000,000	Asset management

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of subsidiaries	Type of legal entity registered	Place of incorporation/ establishment/ operations	Equity interest held by the Group As at 31 December		Registered capital as at 31 December 2023	Principal activities
			2023	2022		
東方融資(香港)有限公司 ORIENT CAPITAL (HONG KONG) LIMITED	Limited liability company	Hong Kong	100.00%	100.00%	HKD150,000,000	Provision of corporate finance advisory services
東方信貸財務(香港)有限公司 ORIENT CREDIT FINANCE (HONG KONG) LIMITED	Limited liability company	Hong Kong	100.00%	100.00%	HKD31,000,000	Credit operations
東方鴻盛有限公司 ORIENT HONGSHENG LIMITED <sup>(2)</sup>	Limited liability company	BVI	100.00%	100.00%	USD1	Special purpose
ORIENT ZHISHENG LIMITED <sup>(2)</sup>	Limited liability company	BVI	100.00%	100.00%	USD1	Special purpose
東方智匯有限公司 ORIENT ZHIHUI LIMITED	Limited liability company	BVI	100.00%	100.00%	USD1	Special purpose
東方證券承銷保薦有限公司 Orient Securities Investment Banking Co., Ltd. <sup>(1)</sup>	Limited liability company	PRC	100.00%	100.00%	RMB800,000,000	Securities underwriting and sponsor
上海東方證券創新投資有限公司 Shanghai Orient Securities Innovation Investment Co., Ltd. <sup>(1)*</sup>	Limited liability company	PRC	100.00%	100.00%	RMB7,500,000,000	Financial assets investment, securities investment, investment management and advisory
南京東證明展產業投資管理有限公司 Nanjing Orient Mingzhan Industrial Investment Management Co., Ltd. *	Limited liability company	PRC	66.00%	66.00%	RMB10,000,000	Investment management and advisory
ORIENT HUIZHI LIMITED	Limited liability company	BVI	100.00%	100.00%	USD1	Special purpose
東方睿信有限公司 Orient Ruixin Limited	Limited liability company	Hong Kong	100.00%	100.00%	HKD10,000	Equity investment, industrial investment

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiaries	Type of legal entity registered	Place of incorporation/ establishment/ operations	Equity interest held by the Group As at 31 December		Registered capital as at 31 December 2023	Principal activities
			2023	2022		
東證國際金融集團有限公司 Orient Securities International Financial Group Limited	Limited liability company	Hong Kong	100.00%	100.00%	HKD2,010,000,000	Investment holding and provision of management services
東證期貨國際(新加坡)私人有限公司 Orient Futures International (Singapore) Pte. Ltd.	Private Company Limited by shares	Singapore	100.00%	100.00%	SGD92,000,000	Foreign exchange brokers and dealers
東證科技(深圳)有限公司 Orient Securities Technology (Shenzhen) Co., Ltd. *	Limited liability company	Shenzhen	100.00%	100.00%	RMB27,000,000	Software development service
Orient International Investment Products Limited	Limited liability company	BVI	100.00%	100.00%	USD1	Product investment
Orient OAM GP Limited	Limited liability company	Cayman	100.00%	N/A	USD1	Special purpose
Orient OAM Investment Limited	Limited liability company	Cayman	100.00%	N/A	USD1	Special purpose

\* These subsidiaries do not have official English names. English translated names are for identification only.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

- (1) These subsidiaries are directly held by the Company.
- (2) None of the subsidiaries had issued any debt securities at the end of the year except for ORIENT HONGSHENG LIMITED and ORIENT ZHISHENG LIMITED .
- (3) This subsidiary had been liquidated as of 31 December 2023.
- (4) During the year ended 31 December 2023, the registered capital and paid-in capital of this subsidiary was increased by RMB500 million to RMB4,300 million.

#### Interests in consolidated structured entities

The Group has consolidated certain structured entities including asset management schemes, funds and limited partnership. For the asset management schemes where the Group involves as manager or as investor, the Group assesses whether the combination of investments it holds together with its remuneration creates exposure to variability of returns from the activities of the structured entities that is of such significance and indicates that the Group is a principal.

The total net assets of the consolidated asset management schemes, funds and limited partnership amounted to RMB3,891 million as at 31 December 2023 (31 December 2022: RMB4,692 million).

Interests in all consolidated asset management schemes, funds and limited partnership held by the Group amounted to fair value of RMB3,522 million as at 31 December 2023 (31 December 2022: RMB4,021 million). The Group held no interest in the subordinated tranche of these structured products in 2023 and 2022.

Interests held by other interest holders are included in financial liabilities designated at FVTPL.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 37. GOODWILL

### Impairment testing on goodwill

For the purpose of impairment testing, goodwill is related to two individual cash-generating units (CGUs), including securities brokerage branches acquired by the Company ("Unit A") and Orient Securities Futures Co., Ltd. acquired by the Company ("Unit B"). The carrying amounts of goodwill as at 31 December 2023 and 2022 relevant to these units are as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Cost and carrying value		
Unit A – securities brokerage branches	18,948	18,948
Unit B – Orient Securities Futures Co., Ltd.	13,187	13,187
	<b>32,135</b>	32,135

As at 31 December 2023 and 2022, the Group performed annual goodwill impairment test and determined that there was no impairment of the relevant CGUs as the recoverable amount of the CGUs exceeded their carrying amount respectively.

## 38. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Deferred tax assets	2,079,575	1,908,541
Deferred tax liabilities	(35,936)	(77,936)
	<b>2,043,639</b>	1,830,605

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 38. DEFERRED TAXATION (Continued)

The following are the major deferred tax assets and liabilities recognised and movements during the years:

	Financial instrument at FVTPL and derivatives RMB'000	Accrued staff cost RMB'000	Financial instruments at FVTOCI RMB'000	Allowance for impairment losses RMB'000	Other RMB'000	Total RMB'000
At 1 January 2023	(482,530)	342,494	45,957	1,805,742	118,942	1,830,605
(Charge)/credit to profit or loss	(130,662)	(8,271)	(20,127)	119,265	364,465	324,670
Credit/(charge) to other comprehensive income	3,202	-	(114,838)	-	-	(111,636)
Transfer out upon disposal of equity instruments at FVTOCI	-	-	7,694	-	(7,694)	-
Other	(7,311)	-	-	-	7,311	-
As at 31 December 2023	(617,301)	334,223	(81,314)	1,925,007	483,024	2,043,639
At 1 January 2022	(474,599)	316,795	(186,398)	1,772,688	(8,850)	1,419,636
(Charge)/credit to profit or loss	(7,931)	25,699	4,970	33,054	282,618	338,410
Credit to other comprehensive income	-	-	72,559	-	-	72,559
Transfer out upon disposal of equity instruments at FVTOCI	-	-	154,826	-	(154,826)	-
As at 31 December 2022	(482,530)	342,494	45,957	1,805,742	118,942	1,830,605

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 39. OTHER ASSETS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Other receivables	4,994,426	4,475,557
Prepayments	278,769	233,795
Other	778,013	788,669
Less: impairment allowance	(1,950,440)	(1,755,201)
	<b>4,100,768</b>	<b>3,742,820</b>

The following table shows reconciliation of loss allowances that have been recognised for other receivables.

	12m ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2023	3,529	–	1,751,672	1,755,201
– Impairment losses (reversed)/recognised	(360)	–	16,911	16,551
– Transfer in	–	–	1,031,773	1,031,773
– Write off	–	–	(853,087)	(853,087)
– Foreign exchange differences	2	–	–	2
As at 31 December 2023	<b>3,171</b>	<b>–</b>	<b>1,947,269</b>	<b>1,950,440</b>



# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 39. OTHER ASSETS (Continued)

	12m ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2022	4,866	–	1,560,586	1,565,452
– Impairment losses (reversed)/recognised	(1,344)	–	7,152	5,808
– Transfer in	–	–	1,196,286	1,196,286
– Write off	–	–	(1,012,361)	(1,012,361)
– Recoveries of other receivables previously written off	–	–	9	9
– Foreign exchange differences	7	–	–	7
As at 31 December 2022	3,529	–	1,751,672	1,755,201

The tables below detail the credit risk exposures of the Group's other receivables, which are subject to ECL assessment.

#### As at 31 December 2023

	12m ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
Gross carrying amount	2,977,603	–	2,016,823	4,994,426

#### As at 31 December 2022

	12m ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
Gross carrying amount	2,688,788	–	1,786,769	4,475,557

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 40. PLACEMENTS FROM BANKS AND FINANCIAL INSTITUTIONS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Placements from banks ( <i>Note a</i> )	13,288,745	6,341,448
Placements from China Securities Finance Corporation Limited ( <i>Note b</i> )	2,513,349	2,011,008
Placements from Shanghai Gold Exchange ( <i>Note c</i> )	9,867,965	–
	<b>25,670,059</b>	8,352,456

*Note a:* As at 31 December 2023, the effective interest rates bearing on the outstanding amount of placements from banks ranged from 1.50% to 2.30% (31 December 2022: 1.00% to 2.60%) per annum. The amount of placements from banks were repayable within eight days (31 December 2022: six days) from the end of the reporting period.

*Note b:* As at 31 December 2023, the effective interest rate of placements from China Securities Finance Corporation Limited ranged from 2.16% to 2.93% (31 December 2022: 2.10% to 2.50%) per annum. The amount of placements from China Securities Finance Corporation Ltd. were repayable within six months (31 December 2022: six months) from the end of the reporting period.

*Note c:* As at 31 December 2023, the effective interest rates of placements from Shanghai Gold Exchange varied from 0.60% to 2.00% per annum. The amount of placements from Shanghai Gold Exchange were repayable within one year from the end of the reporting period.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 41. SHORT-TERM FINANCING BILL PAYABLES

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Short-term commercial paper and corporate bonds ( <i>Note a</i> )	1,609,352	8,095,027
Income certificates ( <i>Note b</i> )	1,188,348	205,576
	<b>2,797,700</b>	<b>8,300,603</b>
Analysed by market:		
Stock exchange	1,609,352	8,095,027
Over the counter	1,188,348	205,576
	<b>2,797,700</b>	<b>8,300,603</b>

*Note a:* As at 31 December 2023 and 2022, short-term commercial paper and corporate bonds were unsecured and unguaranteed debt securities issued on the PRC Inter-bank market by the Company and were repayable within 1 year. As at 31 December 2023, the yields of the outstanding short-term financing bill payable was 2.41% per annum (31 December 2022: 2.03% to 2.38%).

*Note b:* As at 31 December 2023, the yields of all the outstanding income certificates ranged from 2.25% to 2.95% per annum (31 December 2022: 2.25% to 2.95% respectively).

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 42. ACCOUNT PAYABLES TO BROKERAGE CLIENTS

The majority of the account payables balances are repayable on demand except for certain balances representing margin deposits and cash collateral received from clients for their trading activities under the normal course of business. Only the excess amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of these businesses.

Account payables to brokerage clients mainly include money held on behalf of clients in the banks and clearing houses by the Group, and are interest-bearing at the prevailing market interest rate.

As at 31 December 2023, approximately RMB3,655 million (31 December 2022: RMB3,149 million) of margin deposits and cash collateral received from clients for margin financing and securities lending arrangement were included in the Group's account payables to brokerage clients.

### 43. REPURCHASE AGREEMENTS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Analysed by collateral type		
– Bonds	68,720,716	53,441,494
– Funds	964,213	1,437,900
– Advances to customers	300,270	200,159
– Gold	636,722	6,911,917
– Perpetual instruments	3,094,222	308,053
	<b>73,716,143</b>	<b>62,299,523</b>
Analysed by market		
– Stock exchanges	29,149,889	21,183,237
– Inter-bank market	41,919,630	31,852,424
– Over the counter	2,646,624	9,263,862
	<b>73,716,143</b>	<b>62,299,523</b>

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 44. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Debt securities	6,490,853	8,956,988
Gold borrowings	–	3,210,032
Designated at fair value through profit or loss		
– Interests attributable to other holders of consolidated structured entities ( <i>Note a</i> )	368,838	670,653
– Income certificates ( <i>Note b</i> )	7,144,110	4,749,492
– Other ( <i>Note c</i> )	1,298,033	952,146
	<b>15,301,834</b>	<b>18,539,311</b>

*Note a:* Interests attributable to other holders of consolidated structured entities consist of third-party unit holders' interests in these consolidated structured entities which are recognised as a liability since the Group has the obligation to pay other investors or limited partners upon the maturity dates of the structured entities based on the net asset value and related terms of those consolidated structured entities.

*Note b:* The income certificates were hybrid contracts containing embedded derivatives.

*Note c:* Other mainly includes the structured note issued by a subsidiary of the Group. The fair value of the structured note is linked to the performance of a third party perpetual bond. The Group irrevocably designates these financial liabilities as measured at FVTPL to eliminate an accounting mismatch.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 45. CONTRACT LIABILITIES

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Asset and fund management services	6,712	8,250
Investment banking services	33,633	31,864
Sales of bulk commodity	107,060	24,391
	<b>147,405</b>	<b>64,505</b>

	Asset and fund management services RMB'000	Investment banking services RMB'000	Sales of bulk commodity RMB'000
For the year ended 31 December 2023 Revenue recognised that was included in the contract liability balance at the beginning of the year	8,250	17,759	2,295

	Asset and fund management services RMB'000	Investment banking services RMB'000	Sales of bulk commodity RMB'000
For the year ended 31 December 2022 Revenue recognised that was included in the contract liability balance at the beginning of the year	8,211	24,443	49,172

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 46. ACCRUED STAFF COSTS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Salaries, bonus and allowances	1,686,452	2,077,839
Social welfares	758	936
Annuity schemes	16,832	50,946
	<b>1,704,042</b>	<b>2,129,721</b>

### 47. BORROWINGS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Unsecured short-term borrowings repayable within one year	1,700,024	1,171,563
Unsecured long-term borrowings repayable after one year	–	837,260
	<b>1,700,024</b>	<b>2,008,823</b>
<i>of which:</i>		
Floating rate borrowings		
– repayable within one year at interest rates ranging from 6.01% to 6.81% (31 December 2022: 5.52% to 6.02%)	1,482,803	911,240
– repayable after one year (31 December 2022: 1 month SOFR plus 1.5% per annum)	–	837,260
Fixed rate borrowings		
– repayable within one year at interest rates ranging from 3.42% to 4.2% (31 December 2022: 3.95% to 4.50%)	217,221	260,323
	<b>1,700,024</b>	<b>2,008,823</b>

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 48. LEASE LIABILITIES

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Lease liabilities payable:		
Within three months	119,970	100,445
Within a period of more than three months but not more than one year	163,639	250,763
Within a period of more than one year but not more than two years	140,645	175,288
Within a period of more than two years but not more than three years	68,009	78,859
Within a period of more than three years but not more than five years	45,136	37,390
Within a period of more than five years	10,076	3,032
	<b>547,475</b>	<b>645,777</b>

### 49. DEBT SECURITIES ISSUED

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Corporate bonds	30,063,388	36,463,074
Subordinated bonds	24,906,609	13,292,467
Offshore bonds	5,057,958	6,045,793
Income certificates ( <i>Note a</i> )	129,890	1,069
	<b>60,157,845</b>	<b>55,802,403</b>

*Note a:* The amount represents income certificates issued by the Company with maturities of more than one year. As at 31 December 2023, the outstanding income certificates carried yield from 2.60% to 2.95% (31 December 2022: 2.55% to 2.85%) per annum.



# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 49. DEBT SECURITIES ISSUED (Continued)

Issues	Currency	Issue amount (Original currency in million)	Issue amount (RMB in million)	Issue date	Maturity date	Coupon rate
17-3 Corporate Bond	RMB	4,000	4,000	03/08/2017	03/08/2027	4.98%
21-1 Corporate Bond	RMB	4,000	4,000	27/01/2021	27/01/2024	3.60%
21-2 Corporate Bond	RMB	4,000	4,000	24/11/2021	24/11/2024	3.08%
22-1 Corporate Bond	RMB	2,000	2,000	21/07/2022	21/07/2025	2.79%
22-2 Corporate Bond	RMB	1,500	1,500	21/07/2022	21/07/2027	3.18%
22-3 Corporate Bond	RMB	2,000	2,000	25/08/2022	25/08/2027	3.00%
22-4 Corporate Bond	RMB	3,500	3,500	14/12/2022	14/12/2025	3.40%
23-1 Corporate Bond	RMB	1,500	1,500	21/02/2023	21/02/2025	2.92%
23-2 Corporate Bond	RMB	2,500	2,500	21/02/2023	21/02/2026	3.13%
23-3 Corporate Bond	RMB	1,600	1,600	21/03/2023	21/03/2028	3.32%
23-4 Corporate Bond	RMB	3,000	3,000	24/05/2023	24/05/2026	2.90%
Subtotal			29,600			
21-1 Orient Subordinated Bond	RMB	2,500	2,500	08/03/2021	08/03/2024	3.95%
21-2 Orient Subordinated Bond	RMB	3,000	3,000	16/04/2021	16/04/2024	3.70%
21-3 Orient Subordinated Bond	RMB	1,500	1,500	16/04/2021	16/04/2026	4.20%
22-1 Orient Subordinated Bond	RMB	2,500	2,500	13/01/2022	13/01/2025	3.16%
22-2 Orient Subordinated Bond	RMB	3,500	3,500	21/10/2022	21/10/2024	2.53%
23-1 Orient Subordinated Bond	RMB	3,000	3,000	24/04/2023	24/04/2026	3.30%
23-2 Orient Subordinated Bond	RMB	3,000	3,000	10/08/2023	10/08/2026	3.08%
23-3 Orient Subordinated Bond	RMB	2,800	2,800	30/10/2023	30/10/2026	3.30%
23-4 Orient Subordinated Bond	RMB	700	700	30/10/2023	30/10/2028	3.50%
23-5 Orient Subordinated Bond	RMB	2,000	2,000	23/11/2023	23/11/2026	3.18%
Subtotal			24,500			
22 Offshore EUR Bond	EUR	100	742	05/05/2022	05/05/2025	1.75%
22-1 Offshore USD Bond	USD	300	2,089	17/05/2022	17/05/2025	3.50%
22-2 Offshore USD Bond	USD	300	2,089	26/10/2022	26/10/2025	5.125%
Subtotal			4,920			
Total			59,020			

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 50. OTHER LIABILITIES

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Other account payables		
– Payables for underwriting and products distribution fees	239,788	391,397
– Settlement payables	45,055	546,091
– Notes payable	1,244,900	248,000
– Other	14,712	–
Other payables and accruals		
– Value-added taxes and other taxes	96,926	119,239
– Payables for securities and futures investor protection fund	34,687	39,162
– Futures risk reserve	251,805	202,589
– Derivatives deposit received from customers	7,896,172	6,751,508
– Acting underwriting securities	121,750	–
– Other	658,154	566,157
	<b>10,603,949</b>	<b>8,864,143</b>

### 51. SHARE CAPITAL

All shares issued by the Company are fully paid common shares. The par value is RMB1. The Company's number of shares issued and their nominal value are as follows:

	Opening RMB'000	Addition RMB'000	Closing RMB'000
Registered, issued and fully paid ordinary shares of RMB1 each: Year ended 31 December 2023	8,496,645	–	8,496,645
Year ended 31 December 2022	6,993,656	1,502,989	8,496,645

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 51. SHARE CAPITAL (Continued)

Pursuant to the CSRC's Approval in respect of the Rights Issue of 東方證券股份有限公司 (Zheng Jian Xu Ke [2022] No. 540)《關於核准東方證券股份有限公司配股的批覆》(證監許可[2022] 540號)), new A rights shares were allotted to all A Share holders on the basis of two point eight A rights shares for every ten existing A Shares ("A Share Rights Issue"). As of 29 April 2022, 1,502,907,061 new A rights shares were issued at a price of RMB8.46 per share, raising approximately RMB12,715 million in total. The Company completed the registration at China Securities Depository and Clearing Corporation Limited Shanghai Branch on 9 May 2022, and the new A Shares were listed on the Shanghai Stock Exchange on 13 May 2022.

Pursuant to the CSRC's Approval in respect of the Rights Issue of Overseas Listed Foreign Shares of 東方證券股份有限公司 (Zheng Jian Xu Ke [2022] No. 348)《關於核准東方證券股份有限公司發行境外上市外資股的批覆》(證監許可[2022]348號)), new H rights shares were allotted to qualified H Share holders on the basis of two point eight H rights shares for every ten existing H Shares ("H Share Rights Issue"). As of 20 May 2022, 82,428 new H rights shares were issued at a price of HKD10.38 per share, raising approximately HKD856 thousand in total. The new H Shares were listed on the Hong Kong Stock Exchange on 31 May 2022.

After the completion of the above right issues, a total of 1,502,989,489 new share were issued. The fund raised in excess of the par value of the new shares (net of issuance cost) was credited to capital reserve.

On 30 October 2023, the Board of Directors of the Company approved *The Proposal to Repurchase the Company's A Shares through Centralised Bidding Transaction* to maintain the Company value and the shareholders' interests. These repurchased stocks could be sold through centralised bidding after 12 months or cancelled after 3 years. As at 31 December 2023, a total of 33,486,424 A shares have been repurchased through centralised bidding transaction at an aggregated consideration of RMB299 million. The details are as follows:

Month of repurchase	No. of ordinary shares	Prices per share		Aggregate consideration paid
		Highest	Lowest	
November 2023	30,844,124	RMB9.14	RMB8.81	RMB277 million
December 2023	2,642,300	RMB8.75	RMB8.18	RMB22 million

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 52. OTHER EQUITY INSTRUMENT

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Perpetual subordinated bond	5,000,000	5,000,000
	5,000,000	5,000,000

The Company issued a perpetual subordinated bond with a principal amount of RMB5 billion in August 2020, with the initial interest rate of 4.75% per annum.

The perpetual subordinated bond is unsecured. The interest rate for perpetual subordinated bond is repriced every five years. The repriced interest rate is determined as the sum of the current base rate and the initial spread plus 300 basis points. The current base rate is defined as the average yield of 5 years treasury from the bond yield curve published on China Bond website 5 working days before the repricing date of interest rate. Upon the maturity of every repricing cycle, the Company has the option to extend the maturity of the bond for another repricing cycle, or redeem the bond entirely.

The Company has the option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the Company may choose to defer the interest payment to the next payment date for the current year as well as all interests and accreted interest already deferred, without being subject to any limitation with respect to the number of deferrals. The mandatory interest payment events are limited to dividend distributions to ordinary shareholders of the Company and reductions of registered capital within 12 months before the interest payment date.

The perpetual subordinated bond issued by the Company is classified and presented as other equity instrument in the consolidated statement of financial position.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 53. RESERVES

### (1) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of par value, the change of carrying amount of the Group's investments in associate other than profit or loss and other comprehensive income, the difference between the considerations of acquisition of equity interests from non-controlling shareholders and the carrying amount of the proportionate net assets.

The movements of the capital reserve of the Group are set out below:

	Opening RMB'000	Addition RMB'000	Closing RMB'000
Share premium	39,373,960	–	39,373,960
Other capital reserve	160,560	–	160,560
As at 31 December 2023	39,534,520	–	39,534,520
Share premium	28,251,705	11,122,255	39,373,960
Other capital reserve	101,620	58,940	160,560
As at 31 December 2022	28,353,325	11,181,195	39,534,520

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 53. RESERVES (Continued)

#### (2) Surplus reserve

The surplus reserve includes statutory surplus reserve and discretionary surplus reserve.

Pursuant to the Company Law of the PRC, 10% of the net profit of the Company, as determined under the relevant accounting rules in the PRC, is required to be transferred to the statutory surplus reserve until such time when this reserve reaches 50% of the share capital of the Company. The reserve appropriated can be used for offsetting accumulated losses, expansion of business and capitalisation, in accordance with the Company's articles of association and approved by the shareholders in a shareholders' general meeting.

	Opening RMB'000	Addition RMB'000	Closing RMB'000
Statutory reserve	3,447,056	324,464	3,771,520
Discretionary reserve	846,486	–	846,486
For the year ended 31 December 2023	4,293,542	324,464	4,618,006
Statutory reserve	3,148,369	298,687	3,447,056
Discretionary reserve	850,948	(4,462)	846,486
For the year ended 31 December 2022	3,999,317	294,225	4,293,542

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 53. RESERVES (Continued)

#### (3) General reserve

The general reserve includes general risk reserve and transaction risk reserve.

In accordance with the Financial Rules for Financial Enterprises issued by the Ministry of Finance of the PRC, the Company is required to appropriate 10% of net profit derived in accordance with the relevant accounting rules in the PRC before distribution to shareholders as general risk reserve from retained earnings .

Pursuant to the Securities Law of the PRC, the Company is required to appropriate 10% of the net profit derived in accordance with the relevant accounting rules in the PRC before distribution to shareholders as transaction risk reserve from retained earnings and cannot be distributed or transferred to share capital.

General reserves for the Company's subsidiaries are appropriated according to relevant requirements.

The movements of general reserve of the Group are set out below:

	Opening RMB'000	Addition RMB'000	Closing RMB'000
General risk reserve	5,659,758	617,204	6,276,962
Transaction risk reserve	5,475,324	382,256	5,857,580
For the year ended 31 December 2023	11,135,082	999,460	12,134,542
General risk reserve	4,956,151	703,607	5,659,758
Transaction risk reserve	5,072,482	402,842	5,475,324
For the year ended 31 December 2022	10,028,633	1,106,449	11,135,082

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 53. RESERVES (Continued)

#### (4) Investment revaluation reserve

The movements of the investment revaluation reserve of the Group are set out below:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
At beginning of the year	100,899	764,321
Equity instruments at FVTOCI:		
Net fair value changes during the year	(19,640)	904,567
Income tax related to net fair value changes during the year	4,911	(226,142)
Debt instruments at FVTOCI:		
Net fair value changes during the year	1,465,297	123,024
Income tax related to net fair value changes during the year	(350,470)	(30,376)
Reclassification adjustment to profit or loss on disposal	(842,475)	(1,336,190)
Reclassification adjustment to profit or loss on expected credit loss	(79,371)	20,138
Income tax related to reclassification adjustment to profit or loss during the year	230,721	329,077
Share of other comprehensive income of associates	4,518	16,958
Transfer to retained earnings for cumulative fair value change of equity instruments at FVTOCI upon disposal	(23,083)	(464,478)
Other	(1,620)	–
At end of the year	489,687	100,899

#### (5) Translation reserve

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of the reporting period, and the income and expenses are translated at the average exchange rates or at the approximate exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the translation reserve.



# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 53. RESERVES (Continued)

#### (6) Hedge reserve

Hedge reserve represents the gains and losses of hedging activities of the Group's hedges of equity instruments at fair value through other comprehensive income.

### 54. RETAINED EARNINGS

The movements of retained earnings of the Group are set out below:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
At beginning of the year	8,838,412	9,130,172
Profit for the year	2,753,755	3,010,558
Appropriation to surplus reserve	(324,464)	(298,687)
Appropriation to general reserve	(999,460)	(1,106,449)
Dividends recognised as distribution	(1,274,497)	(2,124,160)
Cumulative fair value change transfer to retained earnings upon disposal of equity instruments at FVTOCI	23,083	464,478
Other	(21,933)	–
Distribution to holders of other equity instrument	(237,500)	(237,500)
At end of the year	8,757,396	8,838,412

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 55. DIVIDENDS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Dividends recognised as distribution ( <i>Note a</i> )	1,274,497	2,124,160
Distribution to holders of other equity instrument	237,500	237,500
	<b>1,511,997</b>	2,361,660

*Note a:* Final dividend in respect of the year ended 31 December 2022 amounting to RMB1.50 (tax inclusive) per 10 shares, totaling RMB1,274 million (2021: RMB2,124 million) was approved by shareholders in 2022 general meeting.

Final dividend in respect of the year ended 31 December 2023 amounting to RMB1.50 (tax inclusive) per 10 shares based on the Company's existing share capital of 8,496,645 thousand shares deducting 34,843 thousand shares deposited in the Company's special securities account for repurchase as of 27 March 2024, totaling RMB1,269 million, has been approved by the board of directors of the Company and is subject to approval by the shareholders at the forthcoming general meeting.

### 56. TRANSFERS OF FINANCIAL ASSETS

#### Securities lending arrangements

The Group entered into securities lending agreements with clients to lend out its equity securities and exchange-traded funds classified as financial assets at fair value through profit or loss of carrying amount totaling RMB258 million and RMB351 million as at 31 December 2023 and 2022, respectively, which are secured by client's securities and deposits held as collateral. As stipulated in the securities lending agreements, the legal ownership of these equity securities and exchange-traded funds is transferred to the clients. Although the clients are allowed to sell these securities during the covered period, they have the obligations to return these securities to the Group at specified future dates. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised these securities in the consolidated financial statements.

#### Repurchase agreements

Sales and repurchase agreements are transactions in which the Group sells a financial asset and simultaneously agrees to repurchase it (or an asset that is substantially the same) at the agreed date and price. The repurchase price is fixed and the Group is still exposed to substantially all the risks and rewards of the financial asset sold. The financial asset is not derecognised from the consolidated financial statements but is regarded as "collateral" for the liabilities because the Group retains substantially all the risks and rewards of the financial asset. A financial liability is recognised for cash received.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 56. TRANSFERS OF FINANCIAL ASSETS (Continued)

#### Repurchase agreements (Continued)

The following tables provide a summary of carrying amounts of transferred financial assets that are not derecognised in their entirety and the associated liabilities:

#### As at 31 December 2023

	Financial assets at fair value through profit or loss RMB'000	Debt instruments at FVTOCI RMB'000	Equity instruments at FVTOCI - Perpetual instruments RMB'000	Advances to customers RMB'000	Debt instruments measured at amortised cost RMB'000	Securities borrowing arrangements RMB'000	Total RMB'000
Carrying amount of transferred assets	30,812,400	44,956,020	-	311,142	1,581,123	4,963,492	82,624,177
Carrying amount of associated liabilities	26,628,116	38,305,352	-	300,270	1,404,065	6,441,618	73,079,421
Net position	4,184,284	6,650,668	-	10,872	177,058	(1,478,126)	9,544,756

#### As at 31 December 2022

	Financial assets at fair value through profit or loss RMB'000	Debt instruments at FVTOCI RMB'000	Equity instruments at FVTOCI - Perpetual instruments RMB'000	Advances to customers RMB'000	Debt instruments measured at amortised cost RMB'000	Securities borrowing arrangements RMB'000	Total RMB'000
Carrying amount of transferred assets	28,779,382	25,801,892	310,203	204,829	2,777,131	3,463,175	61,336,612
Carrying amount of associated liabilities	23,703,675	24,402,936	308,053	200,159	2,515,819	4,256,964	55,387,606
Net position	5,075,707	1,398,956	2,150	4,670	261,312	(793,789)	5,949,006

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 57. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The emoluments of the Directors and Supervisors of the Company paid/payable by the Group for the years ended 31 December 2023 and 2022 are set out below:

For the year ended 31 December 2023

Name	Independent director and supervisor fee* RMB'000	Salary and allowances RMB'000	Employer's contribution to pension schemes RMB'000	Discretionary bonuses RMB'000	Total RMB'000
<b>Executive Directors:</b>					
Jin Wenzhong	-	990	122	1,645	2,757
Gong Dexiong <sup>(a)</sup>	-	-	-	-	-
Lu Weiming	-	990	122	1,608	2,720
Song Xuefeng <sup>(b)</sup>	-	-	-	-	-
<b>Non-executive Directors:</b>					
Yu Xuechun	-	-	-	-	-
Zhou Donghui	-	-	-	-	-
Li Yun <sup>(c)</sup>	-	-	-	-	-
Ren Zhixiang	-	-	-	-	-
Zhu Jing	-	880	122	1,032	2,034
Cheng Feng <sup>(d)</sup>	-	-	-	-	-
<b>Independent Non-executive Directors:</b>					
Jin Qinglu <sup>(e)</sup>	174	-	-	-	174
Wu Hong	190	-	-	-	190
Feng Xingdong	160	-	-	-	160
Luo Xinyu	160	-	-	-	160
Chan Hon	160	-	-	-	160
Zhu Kai <sup>(f)</sup>	32	-	-	-	32

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 57. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

The emoluments of the Directors and Supervisors of the Company paid/payable by the Group for the years ended 31 December 2023 and 2022 are set out below: (Continued)

For the year ended 31 December 2023 (Continued)

Name	Independent director and supervisor fee* RMB'000	Salary and allowances RMB'000	Employer's contribution to pension schemes RMB'000	Discretionary bonuses RMB'000	Total RMB'000
<b>Supervisors:</b>					
Du Weihua	-	790	122	1,253	2,165
Wu Junhao	-	-	-	-	-
Xu Yongmiao <sup>(g)</sup>	-	-	-	-	-
Shen Guangjun	-	-	-	-	-
Ling Yun <sup>(h)</sup>	-	-	-	-	-
Xia Lijun	100	-	-	-	100
Ruan Fei	-	820	122	936	1,878
Ding Yan	-	820	122	1,070	2,012
Zhang Jian <sup>(i)</sup>	-	-	-	-	-
Tong Jie <sup>(i)</sup>	-	-	-	-	-
	976	5,290	732	7,544	14,542

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 57. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

The emoluments of the Directors and Supervisors of the Company paid/payable by the Group for the years ended 31 December 2023 and 2022 are set out below: (Continued)

For the year ended 31 December 2022

Name	Independent director and supervisor fee* RMB'000	Salary and allowances RMB'000	Employer's contribution to pension schemes RMB'000	Discretionary bonuses RMB'000	Total RMB'000
<b>Executive Directors:</b>					
Jin Wenzhong	-	990	162	2,996	4,148
Lu Weiming <sup>(i)</sup>	-	940	161	2,664	3,765
Song Xuefeng	-	-	-	-	-
<b>Non-executive Directors:</b>					
Yu Xuechun	-	-	-	-	-
Zhou Donghui	-	-	-	-	-
Cheng Feng	-	-	-	-	-
Ren Zhixiang	-	-	-	-	-
Zhu Jing	-	866	162	1,756	2,784
Liu Wei <sup>(k)</sup>	-	-	-	-	-
<b>Independent Non-executive Directors:</b>					
Jin Qinglu	190	-	-	-	190
Wu Hong	190	-	-	-	190
Feng Xingdong	160	-	-	-	160
Luo Xinyu	160	-	-	-	160
Chan Hon <sup>(l)</sup>	27	-	-	-	27
Xu Zhiming <sup>(m)</sup>	160	-	-	-	160

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 57. DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(Continued)*

The emoluments of the Directors and Supervisors of the Company paid/payable by the Group for the years ended 31 December 2023 and 2022 are set out below: *(Continued)*

**For the year ended 31 December 2022 *(Continued)***

Name	Independent director and supervisor fee* RMB'000	Salary and allowances RMB'000	Employer's contribution to pension schemes RMB'000	Discretionary bonuses RMB'000	Total RMB'000
<b>Supervisors:</b>					
Du Weihua	-	785	161	2,432	3,378
Wu Junhao	-	-	-	-	-
Zhang Jian	-	-	-	-	-
Shen Guangjun	-	-	-	-	-
Tong Jie	-	-	-	-	-
Xia Lijun	100	-	-	-	100
Ruan Fei	-	820	162	1,504	2,486
Ding Yan	-	787	159	1,648	2,594
Zhang Qian <sup>(n)</sup>	-	-	-	-	-
	987	5,188	967	13,000	20,142

\* Executive directors and non-executive directors do not receive any director fee.

- a. Gong Dexiong was appointed as director in October 2023.
- b. Song Xuefeng resigned as director in October 2023.
- c. Li Yun was appointed as director in August 2023.
- d. Cheng Feng resigned as director in August 2023.
- e. Jin Qinglu resigned as director in October 2023.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 57. DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(Continued)*

- f. Zhu Kai was appointed as independent director in October 2023.
- g. Xu Yongmiao was appointed as supervisor in October 2023.
- h. Ling Yun was appointed as supervisor in October 2023.
- i. Zhang Jian and Tong Jie resigned as supervisor in October 2023.
- j. Lu Weiming was appointed as director in June 2022.
- k. Liu Wei resigned as director in March 2022.
- l. Chan Hon was appointed as independent director in November 2022.
- m. Xu Zhiming resigned as independent director in November 2022.
- n. Zhang Qian resigned as chairman of the supervisory board in September 2022.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent directors' and non-executive directors' emoluments shown above were for their services as directors of the Company.

The supervisors' emoluments shown above were for their services as supervisors of the Company.

The bonuses are discretionary and determined by reference to the Group's or Company's and the individuals' performance. The amounts of bonus paid and disclosed for the year ended 31 December 2023 relate to performance bonus in 2022 and 2021.

For the years ended 31 December 2023 and 2022, none of the directors or supervisors of the Company waived any emoluments and no emoluments were paid by the Company to any of the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 58. FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments, none of them are directors or supervisors whose emoluments are disclosed in Note 57 (2022: None). Details of the remuneration of the five highest paid employees during the year ended 2023 and 2022 are as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Basic salaries and allowances	9,838	11,540
Discretionary bonuses	24,362	31,508
Employer's contribution to pension schemes	1,148	966
	<b>35,348</b>	<b>44,014</b>

Bonuses are discretionary and determined by reference to the Group's/Company's and the individuals' performance. No emoluments have been paid or payable to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 December 2023 and 2022.

The emoluments of the highest-paid individuals of the Group fall within the following bands:

Emolument bands	Number of individuals	
	2023	2022
– RMB5,500,001 to RMB6,000,000	1	-
– RMB6,000,001 to RMB6,500,000	1	-
– RMB6,500,001 to RMB7,000,000	1	-
– RMB7,000,001 to RMB7,500,000	1	-
– RMB8,500,001 to RMB9,000,000	1	5
	<b>5</b>	<b>5</b>

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 59. COMMITMENTS AND CONTINGENT LIABILITY

#### Capital commitments

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Capital expenditure in respect of acquisition of property and equipment: Contracted but not provided for	25,310	27,269

### 60. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

#### (1) Relationship of related parties

##### *Major shareholder of the Company*

Following major shareholder holding more than 10% shares of the Company is considered as a related party of the Group:

	Percentage of shares held As at 31 December	
	2023 %	2022 %
申能(集團)有限公司 Shenergy (Group) Company Limited	26.63	26.63

##### *Associates*

The details of the associates of the Group are set out in Note 30.

##### *Others*

The Directors and Supervisors of the Company have served as directors or senior management of these related parties during the year of 2023.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 60. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

### (2) Related party transaction and balances

Other than as disclosed elsewhere in these consolidated financial statements, the Group had the following material related party transactions and balances:

As at 31 December 2023 and 2022, the Group had the following material balances with the major shareholder and entities under its control:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Account payables to brokerage clients	10,579	11,847
Other account payables	–	1,472

For the years ended 31 December 2023 and 2022, the Group had the following material transactions with the major shareholder and entities under its control:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Commission and fee income	6,056	3,117

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 60. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

#### (2) Related party transaction and balances *(Continued)*

For the years ended 31 December 2023 and 2022, the Group had the following material transactions with the major shareholder and entities under its control: *(Continued)*

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Interest expenses	54	483
Other operating expenses	19,311	19,454

As at 31 December 2023 and 2022, the Group had the following material balances with associates:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Account payables to brokerage clients	5,258	15,681
Other receivables	13,067	12,185
Other account payables	2,271	2,122

As at 31 December 2023 and 2022, the Group had the following material investment balances of products managed by associates:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Financial assets at FVTPL	613,229	658,903

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 60. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

#### (2) Related party transaction and balances *(Continued)*

As at 31 December 2023 and 2022, the Group had the following material investment balances of securities issued by associates:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Financial assets at FVTPL	62,090	40,240
Debt instruments at FVTOCI	100,444	100,462

For the years ended 31 December 2023 and 2022, the Group had the following material transactions with associates:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Commission and fee income	206,490	271,171
Interest income	4,134	407
Interest expenses	69	208
Net investment gains	1,045	16,608
Other operating expenses	–	1,726

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 60. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

#### (2) Related party transaction and balances *(Continued)*

As at 31 December 2023 and 2022, the Group had the following material balances with other related parties:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Account payables to brokerage clients	8	5
Other receivables	50	28
Other account payables	267	1,048

As at 31 December 2023 and 2022, the Group had the following material investment balances of products managed by other related parties:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Financial assets at FVTPL	435,038	107,625

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 60. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

#### (2) Related party transaction and balances *(Continued)*

As at 31 December 2023 and 2022, the Group had the following material investment balances of securities issued by other related parties:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Financial assets at FVTPL	939,420	689,695
Equity instruments at FVTOCI	10,149	41,055
Debt instruments at FVTOCI	51,810	104,434

For the years ended 31 December 2023 and 2022, the Group had the following material transactions with other related parties:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Commission and fee income	15,721	6,175
Interest income	1,447	4,879
Net investment gains	36,768	25,236
Interest expenses	17	123

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Other operating expenses	2,919	2,629
Commission and fee expenses	–	69

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 60. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

### (3) Key management personnel

Remuneration for key management personnel of the Group are as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Short-term benefits:		
Salaries, allowance and bonuses	23,819	30,750
Post-employment benefits:		
Employer's contribution to pension schemes/annuity plans	1,337	1,344
	<b>25,156</b>	<b>32,094</b>

The amounts of bonus paid and disclosed for the year ended 31 December 2023 relate to performance bonus in 2022.



# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 61. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Cash and bank balances	31,849,486	33,551,974
Clearing settlement funds	13,680,735	9,081,227
Deposits with exchanges and financial institutions	1,873,987	2,470,494
Derivative financial assets	1,870,390	1,005,692
Advances to customers	20,775,137	19,145,313
Account receivables	218,162	207,349
Reverse repurchase agreements	5,401,847	8,391,822
Financial assets at fair value through profit or loss	78,154,448	65,810,350
Debt instruments at fair value through other comprehensive income	88,811,040	76,329,251
Equity instruments at fair value through other comprehensive income	6,268,133	3,661,774
Debt instruments measured at amortised cost	1,586,591	3,164,972
Investments in associates	3,859,511	3,343,431
Investments in subsidiaries	19,473,304	19,173,304
Right-of-use assets	331,953	412,478
Investment properties	30,989	32,540
Property and equipment	1,832,720	1,951,263
Other intangible assets	205,526	176,386
Goodwill	18,948	18,948
Deferred tax assets	1,719,662	1,622,758
Other assets	3,360,250	3,298,558
<b>Total assets</b>	<b>281,322,819</b>	<b>252,849,884</b>

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 61. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

(Continued)

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Placements from banks and financial institutions	25,670,059	8,352,456
Short-term financing bill payables	2,797,700	8,298,911
Account payables to brokerage clients	27,566,246	28,526,831
Repurchase agreements	72,006,511	60,147,737
Financial liabilities at fair value through profit or loss	13,607,161	16,671,261
Derivative financial liabilities	822,514	307,276
Contract liabilities	500	991
Accrued staff costs	437,638	412,420
Lease liabilities	318,289	406,449
Debt securities issued	58,016,945	52,573,976
Other liabilities	7,876,152	6,740,511
<b>Total liabilities</b>	<b>209,119,715</b>	<b>182,438,819</b>
Share capital	8,496,645	8,496,645
Treasury stock	(299,780)	–
Other equity instrument	4,995,755	4,995,755
Reserves	53,188,375	51,856,452
Retained earnings	5,822,109	5,062,213
<b>Total equity</b>	<b>72,203,104</b>	<b>70,411,065</b>
<b>Total equity and liabilities</b>	<b>281,322,819</b>	<b>252,849,884</b>

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 61. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

(Continued)

	Share capital RMB'000	Treasury stock RMB'000	Other equity instrument RMB'000	Capital reserve RMB'000 <i>(Note a)</i>	Surplus reserve RMB'000	General reserve RMB'000	Investment revaluation reserve RMB'000	Hedge reserve RMB'000	Retained earnings RMB'000	Total RMB'000
As at 1 January 2023	8,496,645	-	4,995,755	39,218,737	4,289,242	8,219,596	128,877	-	5,062,213	70,411,065
Profit for the year	-	-	-	-	-	-	-	-	3,244,632	3,244,632
Other comprehensive income/ (expense) for the year	-	-	-	-	-	-	368,792	(9,608)	-	359,184
Total comprehensive income/ (expense) for the year	-	-	-	-	-	-	368,792	(9,608)	3,244,632	3,603,816
Repurchase of A shares	-	(299,780)	-	-	-	-	-	-	-	(299,780)
Appropriation to surplus reserve	-	-	-	-	324,464	-	-	-	(324,464)	-
Appropriation to general reserve	-	-	-	-	-	649,425	-	-	(649,425)	-
Distribution to holders of other equity instrument	-	-	-	-	-	-	-	-	(237,500)	(237,500)
Dividends recognised as distribution	-	-	-	-	-	-	-	-	(1,274,497)	(1,274,497)
Transfer to retained earnings for cumulative fair value change of equity instruments at fair value through other comprehensive income upon disposal	-	-	-	-	-	-	(23,083)	-	23,083	-
Other	-	-	-	-	-	-	-	21,933	(21,933)	-
At 31 December 2023	8,496,645	(299,780)	4,995,755	39,218,737	4,613,706	8,869,021	474,586	12,325	5,822,109	72,203,104

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 61. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

(Continued)

	Share capital RMB'000	Other equity instrument RMB'000	Capital reserve RMB'000 (Note a)	Surplus reserve RMB'000	General reserve RMB'000	Investment revaluation reserve RMB'000	Retained earnings RMB'000	Total RMB'000
As at 1 January 2022	6,993,656	4,995,755	28,154,426	3,999,317	7,621,811	788,646	4,868,992	57,422,603
Profit for the year	-	-	-	-	-	-	2,986,875	2,986,875
Other comprehensive expense for the year	-	-	-	-	-	(195,291)	-	(195,291)
Total comprehensive (expense)/income for the year	-	-	-	-	-	(195,291)	2,986,875	2,791,584
Issuance of shares	1,502,989	-	11,064,311	(8,762)	-	-	-	12,558,538
Appropriation to surplus reserve	-	-	-	298,687	-	-	(298,687)	-
Appropriation to general reserve	-	-	-	-	597,785	-	(597,785)	-
Distribution to holders of other equity instrument	-	-	-	-	-	-	(237,500)	(237,500)
Dividends recognised as distribution	-	-	-	-	-	-	(2,124,160)	(2,124,160)
Transfer to retained earnings for cumulative fair value change of equity instruments at fair value through other comprehensive income upon disposal	-	-	-	-	-	(464,478)	464,478	-
At 31 December 2022	8,496,645	4,995,755	39,218,737	4,289,242	8,219,596	128,877	5,062,213	70,411,065

*Note a:* Capital reserve of the Company represents primarily the share premium arising from the issuance of the Company's shares.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 62. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

	As at 31 December	
	2023 RMB'000	2022 RMB'000
<b>Financial assets</b>		
Financial assets at fair value through profit or loss	97,069,644	83,763,730
Derivative financial assets	1,877,650	1,017,334
Debt instruments at FVTOCI	90,813,713	76,862,096
Equity instruments at FVTOCI	6,298,178	3,721,658
Financial assets measured at amortised cost	174,880,258	190,622,313
	<b>370,939,443</b>	<b>355,987,131</b>
<b>Financial liabilities</b>		
Financial liabilities at fair value through profit or loss	16,176,036	18,847,757
Financial liabilities measured at amortised cost	286,455,263	269,089,118
	<b>302,631,299</b>	<b>287,936,875</b>

### 63. FINANCIAL RISK MANAGEMENT

#### 63.1 Risk management overview and organisation

##### (1) Risk management overview

The Group is committed to the philosophy of “full compliance by all staff and focus on risk management”. The Group focuses on building management mechanisms for overall risk and internal controls and fostering a risk management culture. The Group strives to realise organic integration and interlinking of risk management, compliance management and internal control. The Group has established a substantially mature and endogenous overall risk management system and an effective internal control mechanism, which covers all businesses, departments, branches and employees and runs through the processes of decision-making, execution, supervision and feedback.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 63. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 63.1 Risk management overview and organisation *(Continued)*

##### *(1) Risk management overview (Continued)*

The risk management implemented by the Group fully covers market risk, credit risk, liquidity risk, operational risk, technology risk, reputation risk, compliance risk, legal risk and ethical risk, etc., realising the management control on the overall risk assessment and supervision.

The Group has established a risk management mechanism for risk identification and assessment, risk monitoring and measurement, risk analysis and response, and it has adopted a combination of qualitative and quantitative risk measurement methods to enhance its professional management capability for various types of risk. The Group implements a multi-perspective risk review mechanism for comprehensive risk management, strictly reviews all new businesses and products, and dynamically monitors all important risks in daily business operations; and evaluates various risks and risk tolerance in the Group's business process through sensitivity analysis, stress testing and dynamic monitoring.

A comprehensive risk management system is inseparable from a complete information technology system. In recent years, the Group has continuously increased its investment in information technology. Through the construction of a risk management cockpit dashboard, a dynamic management system for risk control indicators and various specific risk management information systems, the Group has continuously promoted the practical application of information technology in risk management, and the timeliness and accuracy of risk management have been effectively improved.

##### *(2) Structure of the risk-management organisation*

The Group is committed to establishing a robust and effective risk management system that features “three lines of defense” approach. The first line of defense is the check-and-balance mechanism of two-person, dual roles, dual responsibilities and position separation in the important front-line positions in each operational department, branch and subsidiary; the second line is inspection and supervision on the compliance and risk management affairs by relevant functional management departments within their range of duties; the third line is effective risk supervision performed by risk supervision and management departments on the risk management affairs of each functional management departments.

Pursuant to the requirements of the Rules for the Risk Management of Securities Firms (《證券公司全面風險管理規範》) (“Rules for the Risk Management”) and our own operations, the Company has set up a multiple-level risk management structure, comprising: (i) the Board, (ii) the Supervisory Committee, (iii) the management, and (iv) risk management function for each business department, branch and subsidiary.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 63. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 63.2 Credit risk

Credit risk mainly refers to the probability of losses arising from the counterparty or a debtor's failure to meet its contractual obligations in a timely manner, or the deterioration of credit quality of them. The first one is direct credit risk, i.e. the risk arising from failure of issuer to meet its contractual obligations; the second one is counterparty risk, i.e. the risk arising from a breach of contract by the counterparties in the business including over-the-counter derivatives or securities financing business; the third one is settlement risk, i.e. the risk arising from a breach of contract during the settlement of a transaction. In short, the Company fulfils its delivery obligation while the counterparty defaults in the business.

##### *(1) Credit risk management*

The Company implements limit management on credit risk in accordance with regulatory requirements and risk management needs and sets credit risk limits based on the Company's risk tolerance and net capital to control the quality of credit assets and credit risk concentration, so as to achieve refined management of credit risk exposure. In the process of business development, the Company strictly implements the credit risk limits approved by the Company and establishes a daily monitoring mechanism for limit indicators to control the credit risk effectively.

The Group establishes credit risk management systems for the bond issuers, counterparty and customers of margin financing and securities lending. The Group enhances the assessments of clients' qualifications and risks, and achieves credit risk management by contract inspections and transaction monitoring. Besides, the Group focuses on the potential default throughout the transaction process, and prepares for risk treatment contingency plan. Regarding the bond investments and other businesses relating to credit risk, the Group strengthens the fundamental analysis on the bond issuers and counterparties and establishes internal rating system to monitor credit risk. The Group realises various functions including the internal rating, uniform credit management, investment concentration management, pledge bond management, defaulting client management, stress testing, early-warning monitoring, risk reporting through credit risk management system, strengthening credit risk control and enhancing the ability of credit risk management. In the derivative transactions, the Group sets margin ratio and trade rules to counterparties, and controls the credit risk exposure of counterparty by means of daily mark-to-market, margin calls and forced close of positions, etc. In the securities lending and margin financing business, the Group establishes mechanisms including client credit rating assessment, facility and collateral management, concentration management, monitoring report and others, and addresses the potential risk projects through forced liquidation mechanism, judicial channels, etc.

In addition, the Company has established the same-business and same-customer management mechanism in accordance with external guidelines and actual business operations of the Company. It conducts unified quantitative measurement, monitoring and management on the credit business, improves its centralised credit management system of the Company's credit business and further enhances the refined level of the credit risk management.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 63. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 63.2 Credit risk *(Continued)*

##### *(2) Credit risk and impairment assessment*

As explained in Note 3, the Group performs impairment assessment under ECL model using the simplified approach of lifetime ECL on account receivables. The Group monitors all other financial assets to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk since initial recognition, the Group will measure the loss allowance based on lifetime rather than 12m ECL.

In making the impairment assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. The Group uses different criteria to determine whether credit risk has increased significantly per each portfolio of assets.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life;
- an actual or expected significant change in the financial instrument's external credit rating;
- expected adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations;
- an actual or expected significant change in the operating results of the borrower;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- an actual or expected significant change in the quality of credit enhancement; and
- significant changes in the expected performance and behavior of the borrower.



# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 63. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 63.2 Credit risk *(Continued)*

##### *(2) Credit risk and impairment assessment (Continued)*

The credit risk on liquid funds including bank balances, clearing settlement funds, deposits with exchanges and financial institutions is limited because the counterparties are mainly state-owned banks, clearing house, stock exchanges, futures exchanges, commodity exchanges or banks with high credit ratings assigned by international credit-rating agencies. There have been no significant increase in credit risk since initial recognition associated with the amounts of cash and bank balances, clearing settlement funds, deposits with exchanges and financial institutions for the year ended 31 December 2023 .

The Group mainly relies on external credit ratings to assess the credit risk of bond investments. In general, the following information is considered in assessing whether there has been a significant increase in credit risk of the bond investment: the credit rating downgrade to below AA (exclusive) and above B (exclusive) if original external rating is AA or above (inclusive) from domestic rating agencies on the initial recognition date; the credit rating downgrade to above B (exclusive) if original external rating is below AA (exclusive) from domestic rating agencies on the initial recognition date. As of 31 December 2023, the Group invests primarily in bonds with debt ratings of AA or above (inclusive).

Margin trading assets consist of advances to customers and securities lent to customers. The main credit risk of these financial assets is customers' failure to repay the principal, interests or securities lent to them. The Group monitors margin trading clients' accounts on an individual basis and call for additional margin deposits, including cash collateral or securities, whenever necessary. The advances to margin clients are monitored through their collateral to loan ratios, which ensures the value of the pledged assets is sufficient to cover the advances. The Group considers margin trading assets to have experienced a significant increase in credit risk if the collateral to loan ratios fell below the pre-determined margin call thresholds taking into account of the obligor's credit quality.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 63. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 63.2 Credit risk *(Continued)*

##### *(2) Credit risk and impairment assessment (Continued)*

Regarding the reverse repurchase agreements, the Group mainly focuses on the collateral-to-loan ratio, past due status, and other qualitative and quantitative criteria to determine whether credit risk has increased significantly. In terms of stock-pledged reverse repurchase agreements, the Group sets different forced liquidation thresholds for various financing entities in consideration of factors such as the industry, liquidity, and sales restriction of the pledged stock. Normally, the forced liquidation threshold is no less than 140% for restricted shares and no less than 130% for unrestricted shares. The Group assesses the changes in credit risk of each transaction since initial recognition date by taking full consideration of the credit status of the financing entity, contract maturity date, the related collateral securities information including the industry, liquidity, sales restriction, concentration, volatility, performance guarantee and the issuer's operating conditions.

##### *(3) Measurement of ECL*

Generally, there are three stages on a financial asset based on the following criteria: when the performance guarantee ratio is over the forced liquidation threshold and there is no past due, it is classified under Stage 1; when the performance guarantee ratio is lower than the forced liquidation threshold, or overdue but not exceeding the grace period, or there exists other events indicating significant increase in credit risk, is considered to be not credit-impaired in terms of the substance of the transaction, it is classified under Stage 2; when the performance guarantee ratio falls below the forced liquidation threshold or overdue exceeds the grace period, the Group evaluates whether those transactions are credit-impaired in terms of the substance of the transaction, taking into account of factors such as the obligor's solvency, repayment willingness, value of pledged assets and other loan settlement measures. If credit impairment has occurred, it is classified under Stage 3.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 63. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 63.2 Credit risk *(Continued)*

##### (3) *Measurement of ECL (Continued)*

The Group applies a three-stage approach to measure ECL on financial assets measured at amortised cost and debt instruments at FVTOCI. Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

##### *Stage 1: 12m ECL*

For exposures where there has not been a significant increase in credit risk since initial recognition, the portion of the lifetime ECL associated with the probability of default events, occurring within the next 12 months, is recognised;

##### *Stage 2: Lifetime ECL – not credit impaired*

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised;

##### *Stage 3: Lifetime ECL – credit impaired*

For financial assets that are credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost rather than the gross carrying amount.

The Group uses PD, LGD and EAD to measure credit risks.

The expected credit losses are measured based on the probability weighted results of PD, LGD and EAD.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 63. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 63.2 Credit risk *(Continued)*

##### **(3) Measurement of ECL *(Continued)***

The assessment of significant increase in credit risk and the measurement of expected credit losses all involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators affecting the credit risk and expected credit losses of each asset portfolio. Key economic indicators include macroeconomic indicators and indicators that can reflect market volatility, including but not limited to Money Supply (“M2”), Consumers Price Index (“CPI”), Industrial Product Price Index (“PPI”), etc.

- Growth rate of M2: the forecast rate as of 31 December 2023 ranges between 9.15% to 12.14% (31 December 2022: 8.40% to 11.19%);
- Growth rate of CPI: the forecast rate as of 31 December 2023 ranges between 1.09% and 1.44% (31 December 2022: 1.88% to 2.51%);
- Growth rate of PPI: the forecast rate as of 31 December 2023 ranges from 0.26% to 0.34% (31 December 2022: -0.17% to -0.22%).

In order to determine the relationship between these economic indicators and the default probability as well as the default loss rate, the Group constructs an econometric model to determine the impact of historical changes in these indicators on the PD and LGD.

The Group makes forward-looking estimation of the ECL based on the scenario reflecting key economic indicators above. When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as credit risk grade, overdue information. The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 63. FINANCIAL RISK MANAGEMENT (Continued)

#### 63.2 Credit risk (Continued)

##### (3) Measurement of ECL (Continued)

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The maximum credit risk exposure of the Group is as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Advances to customers	21,071,801	19,498,899
Account receivables	670,759	908,399
Other receivables and other	3,464,273	3,127,596
Debt instruments at FVTOCI	90,813,713	76,862,096
Reverse repurchase agreements	5,437,734	8,610,881
Financial assets at fair value through profit or loss	44,260,049	36,616,115
Debt instruments measured at amortised cost	1,586,591	3,164,972
Derivative financial assets	1,877,650	1,017,334
Deposits with exchanges and financial institutions	3,241,547	4,343,234
Clearing settlement funds	35,314,411	29,106,272
Cash and bank balances	104,093,142	121,862,060
	<b>311,831,670</b>	<b>305,117,858</b>

Overall, the Group monitors and manages credit risk at all times, and takes every possible measure to mitigate and control credit risk exposure to an acceptable level.

#### 63.3 Market risk

Market risk is the risk of loss arising from fluctuations in stock prices, interest rates and exchange rates in the securities markets. The Group faces market risk primarily in the Group's securities investment business. The Group's business departments, branches and subsidiaries are the first line of defense against market risk. The Group's risk management functional units are responsible for overall market risk management.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 63. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 63.3 Market risk *(Continued)*

To enhance the management of market risk, the Group currently adopts the following measures:

- Using mark-to-market, concentration analysis and quantitative risk model, to manage business scale, risk exposure and others to establish dynamic-tracking stop-loss mechanisms.
- Identifying the key factors affecting portfolio returns through sensitivity analysis, and evaluating the tolerance of investment portfolios to extreme market fluctuations by using scenario analysis and stress-testing.
- Ensuring diversified and scientific asset allocation, using derivatives such as stock index futures to hedge against risks, and using various investment strategies for hedging.
- Closely monitoring the macroeconomic indicators and trends and significant development in economic policies, and evaluating the systematic risk on investment that may arise from changes in macro-economic factors.
- Set up the institution for decision-making, performance and responsibility for the significant events, prepare emergency plans under various predictable extreme cases, and grade and manage the significant events according to their severity.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk relates primarily to the Group's interest bearing financial assets and financial liabilities. Management actively monitors the Group's net interest rate exposure through setting limits on the level of mismatch of interest rate repricing and duration gap and aims at maintaining an interest rate spread, such that the Group is always in a net interest-bearing asset position and derive net interest income.

Fluctuations of prevailing rate quoted by the People's Bank of China, Shanghai Inter-bank offered rate and Hong Kong Inter-bank offered rate are the major sources of the Group's cash flow interest rate risk.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 63. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 63.3 Market risk *(Continued)*

##### *Interest rate risk (Continued)*

A fundamental reform of major interest rate benchmarks has been undertaken globally to replace some interbank offered rates (“IBORs”) with alternative nearly risk-free rates. Details of the impacts on the Group’s risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under Note 63.5.

The tables below summarise the Group’s interest bearing financial assets and financial liabilities by their remaining terms to repricing or contractual maturity date, whichever is earlier.

#### As at 31 December 2023

	Less than 1 month RMB'000	1 month to 3 months (Inclusive) RMB'000	3 months to 1 year (Inclusive) RMB'000	1 year to 5 years (Inclusive) RMB'000	Over 5 years RMB'000	Non interest- bearing RMB'000	Total RMB'000
<b>Financial Assets</b>							
Cash and bank balances	65,345,809	4,336,170	34,345,546	65,413	-	204	104,093,142
Clearing settlement funds	35,314,411	-	-	-	-	-	35,314,411
Deposits with exchanges and financial institutions	3,241,547	-	-	-	-	-	3,241,547
Derivative financial assets	-	-	-	-	-	1,877,650	1,877,650
Advances to customers	1,837,141	5,653,225	13,581,314	121	-	-	21,071,801
Account receivables	-	-	-	-	-	670,759	670,759
Reverse repurchase agreements	5,437,734	-	-	-	-	-	5,437,734
Debt instruments at FVTOCI	515,970	1,101,297	4,390,732	33,140,777	51,664,937	-	90,813,713
Equity instruments at FVTOCI	-	-	-	-	-	6,298,178	6,298,178
Financial assets at FVTPL	1,017,352	1,607,782	5,058,324	18,204,877	18,371,714	52,809,595	97,069,644
Debt instruments measured at amortised cost	2,921	-	-	1,583,670	-	-	1,586,591
Other receivables and other	-	86,994	-	-	-	3,377,279	3,464,273
<b>Subtotal</b>	<b>112,712,885</b>	<b>12,785,468</b>	<b>57,375,916</b>	<b>52,994,858</b>	<b>70,036,651</b>	<b>65,033,665</b>	<b>370,939,443</b>

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 63. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 63.3 Market risk *(Continued)*

##### *Interest rate risk (Continued)*

**As at 31 December 2023 *(Continued)***

	Less than 1 month RMB'000	1 month to 3 months (Inclusive) RMB'000	3 months to 1 year (Inclusive) RMB'000	1 year to 5 years (Inclusive) RMB'000	Over 5 years RMB'000	Non interest- bearing RMB'000	Total RMB'000
<b>Financial Liabilities</b>							
Placements from banks and financial institutions	14,816,131	3,660,719	7,193,209	-	-	-	25,670,059
Short-term financing bill payables	53,035	115,557	2,629,108	-	-	-	2,797,700
Account payables to brokerage clients	111,570,987	-	-	-	-	-	111,570,987
Repurchase agreements	73,132,281	474,565	109,297	-	-	-	73,716,143
Financial liabilities at FVTPL	7,133,138	4,779,646	1,533,778	1,432,951	-	422,321	15,301,834
Derivative financial liabilities	-	-	-	-	-	874,202	874,202
Borrowings	1,482,803	182,176	35,045	-	-	-	1,700,024
Lease liabilities	-	119,970	163,639	253,790	10,076	-	547,475
Debt securities issued	4,165,994	2,597,041	10,690,975	42,703,835	-	-	60,157,845
Other account payables and other payables	-	-	-	-	-	10,295,031	10,295,031
<b>Subtotal</b>	<b>212,354,369</b>	<b>11,929,674</b>	<b>22,355,051</b>	<b>44,390,576</b>	<b>10,076</b>	<b>11,591,554</b>	<b>302,631,300</b>
<b>Net interest-bearing position</b>	<b>(99,641,484)</b>	<b>855,794</b>	<b>35,020,865</b>	<b>8,604,282</b>	<b>70,026,575</b>	<b>53,442,111</b>	<b>68,308,143</b>



# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 63. FINANCIAL RISK MANAGEMENT (Continued)

#### 63.3 Market risk (Continued)

##### Interest rate risk (Continued)

As at 31 December 2022

	Less than 1 month RMB'000	More than 1 month to 3 months (Inclusive) RMB'000	More than 3 months to 1 year (Inclusive) RMB'000	1 year to less than 5 years (Inclusive) RMB'000	Over 5 years RMB'000	Non interest- bearing RMB'000	Total RMB'000
<b>Financial Assets</b>							
Cash and bank balances	70,568,119	8,470,760	42,757,598	65,413	-	170	121,862,060
Clearing settlement funds	29,106,272	-	-	-	-	-	29,106,272
Deposits with exchanges and financial institutions	4,343,234	-	-	-	-	-	4,343,234
Derivative financial assets	-	-	-	-	-	1,017,334	1,017,334
Advances to customers	1,732,651	5,820,430	11,945,818	-	-	-	19,498,899
Account receivables	-	-	-	-	-	908,399	908,399
Reverse repurchase agreements	8,610,881	-	-	-	-	-	8,610,881
Debt instruments at FVTOCI	300,596	1,318,464	7,389,895	42,694,147	25,158,994	-	76,862,096
Equity instruments at FVTOCI	-	-	-	-	-	3,721,658	3,721,658
Financial assets at FVTPL	826,212	659,773	9,681,209	16,617,379	8,831,542	47,147,615	83,763,730
Debt instruments measured at amortised cost	103,390	174,630	55,575	2,831,377	-	-	3,164,972
Other receivables and other	-	406,360	-	-	-	2,721,236	3,127,596
Subtotal	115,591,355	16,850,417	71,830,095	62,208,316	33,990,536	55,516,412	355,987,131

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 63. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 63.3 Market risk *(Continued)*

##### *Interest rate risk (Continued)*

**As at 31 December 2022 *(Continued)***

	Less than 1 month RMB'000	More than 1 month to 3 months (Inclusive) RMB'000	More than 3 months to 1 year (Inclusive) RMB'000	1 year to less than 5 years (Inclusive) RMB'000	Over 5 years RMB'000	Non interest- bearing RMB'000	Total RMB'000
<b>Financial Liabilities</b>							
Placements from banks and financial institutions	7,352,281	-	1,000,175	-	-	-	8,352,456
Short-term financing bill payables	28,300	72,484	8,199,819	-	-	-	8,300,603
Account payables to brokerage clients	123,041,420	-	-	-	-	-	123,041,420
Repurchase agreements	56,185,718	2,523,534	3,590,271	-	-	-	62,299,523
Financial liabilities at FVTPL	9,640,498	2,900,321	4,005,249	1,276,500	-	716,743	18,539,311
Derivative financial liabilities	-	-	-	-	-	308,446	308,446
Borrowings	1,748,499	90,113	170,211	-	-	-	2,008,823
Lease liabilities	-	100,445	250,763	291,537	3,032	-	645,777
Debt securities issued	-	-	16,301,568	39,500,835	-	-	55,802,403
Other account payables and other payables	-	-	-	-	-	8,638,113	8,638,113
<b>Subtotal</b>	<b>197,996,716</b>	<b>5,686,897</b>	<b>33,518,056</b>	<b>41,068,872</b>	<b>3,032</b>	<b>9,663,302</b>	<b>287,936,875</b>
<b>Net interest-bearing position</b>	<b>(82,405,361)</b>	<b>11,163,520</b>	<b>38,312,039</b>	<b>21,139,444</b>	<b>33,987,504</b>	<b>45,853,110</b>	<b>68,050,256</b>

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 63. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 63.3 Market risk *(Continued)*

##### *Interest rate risk (Continued)*

##### *Sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rates for interest bearing financial assets and financial liabilities, which covers both the cash flow interest rate risk of variable rate instruments and fair value interest rate risk of fixed rate financial assets at fair value through profit or loss and debt instruments at FVTOCI. The analysis is prepared assuming the interest bearing financial assets and financial liabilities outstanding at the end of each respective reporting periods were outstanding for the whole year. When reporting to the management on the interest rate risk, a 50 basis points increase or decrease in the relevant interest rates will be adopted for sensitivity analysis, when considering the reasonably possible change in interest rates.

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Profit after income tax for the year		
50 basis points increase	(1,282,564)	(686,838)
50 basis points decrease	1,282,230	716,924
Equity		
50 basis points increase	(3,373,943)	(2,353,793)
50 basis points decrease	3,517,371	2,511,284

##### *Currency risk*

Currency risk refers to the unfavourable volatilities of the Group's financial condition and cash flows due to the fluctuation of the foreign exchange rates. Except for overseas subsidiaries which hold financial assets and financial liabilities denominated in foreign currencies that are different from the relevant group entity's functional currency, the Group only holds a minimal amount of foreign currency denominated investments. The management considers the foreign exchange rate risk of the Group is not material as the proportion of the Group's foreign currency asset and foreign currency liability is minimal.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 63. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 63.3 Market risk *(Continued)*

##### *Price risk*

Price risk is primarily about the unfavorable changes of share price, gold price, financial derivative instruments prices and commodity price that cause financial losses. Quantitatively, price risk the Group faces is mainly the proportionate fluctuation in the Group's profits due to the price fluctuation of the trading financial instrument and the proportionate fluctuation in the Group's equity due to the price fluctuation of the equity instruments at FVTOCI. Other than daily monitoring the investment position, trading and earnings indicators, the Group mainly use risk sensitivity indicators, stress testing indicators in daily risk monitoring.

##### *Sensitivity analysis*

The analysis below is performed to show the impact on profit and other comprehensive income before income tax due to change in the prices of equity securities, funds, derivatives, collective asset management schemes and other trading financial instruments by 10% with all other variables held constant. A positive number below indicates an increase in profit and other comprehensive income before income tax and vice versa.

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Profit after income tax for the year		
Increase by 10%	2,888,341	2,198,789
Decrease by 10%	(2,888,341)	(2,198,789)
Other comprehensive income after income tax for the year		
Increase by 10%	629,818	372,166
Decrease by 10%	(629,818)	(372,166)

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 63. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 63.4 Liquidity risk

Liquidity risk refers to securities firms' potential failure to obtain sufficient funds at reasonable cost to repay liabilities in a timely manner as they become due, meet other payment obligations and satisfy capital requirements in the normal course of business. The Group's objectives in liquidity risk management are to establish a sound liquidity risk management system and to effectively identify, measure, monitor and control liquidity risk, to ensure that the Group's liquidity demand can be met at reasonable cost and in a timely manner.

In the aspect of liquidity risk management, during the reporting period, the Company improves the liquidity risk management system and internal management system continuously, and sets up a special position in charge of dynamic monitoring, early-warning, analysis and reporting of the liquidity risk in accordance with the Rules for the Risk Management and new measures for the administration of risk control indicators. The Company prudently determines the qualitative principles and quantitative standards of liquidity risk preference at the beginning of each year, and adjusts the relevant liquidity risk control indicators timely in accordance with the market changes and business development during the year. The Company also conducts liquidity stress testing and emergency drilling regularly, and reports to the regulator such indicators as liquidity coverage rate and net stable capital rate daily. The above practices can ensure that the Company is able to satisfy the liquidity demand timely at reasonable cost, and will control the liquidity risk within the tolerable scope.

#### *Undiscounted cash flows by contractual maturities of non-derivative financial liabilities*

The tables below present the cash flows payable by the Group within the remaining contractual maturities of non-derivative financial liabilities at the end of each respective periods. The amounts disclosed in the tables are the contractual undiscounted cash flows. The tables include both interest and principal cash flows. To the extent that interest rates are floating, the undiscounted amount is derived from interest rate at the end of respective reporting periods. The liquidity risk of derivative financial liabilities of the Group is insignificant and not disclosed below.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 63. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 63.4 Liquidity risk *(Continued)*

##### *Undiscounted cash flows by contractual maturities of non-derivative financial liabilities*

*(Continued)*

**As at 31 December 2023**

	On Demand RMB'000	Within 3 months (Inclusive) RMB'000	3 months to 1 year (Inclusive) RMB'000	1 year to 5 years (Inclusive) RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Placements from banks and financial institutions	-	18,498,270	7,300,593	-	-	25,798,863	25,670,059
Short-term financing bill payables	-	169,170	2,667,118	-	-	2,836,288	2,797,700
Account payables to brokerage clients	111,570,987	-	-	-	-	111,570,987	111,570,987
Repurchase agreements	-	73,670,346	110,393	-	-	73,780,739	73,716,143
Financial liabilities at fair value through profit or loss	53,483	12,117,496	1,533,778	1,609,376	-	15,314,133	15,301,834
Borrowings	-	1,671,808	35,368	-	-	1,707,176	1,700,024
Lease liabilities	-	120,625	167,581	272,004	12,756	572,966	547,475
Debt securities issued	-	7,042,454	12,125,201	45,028,249	-	64,195,904	60,157,845
Other account payables and other payables	10,295,031	-	-	-	-	10,295,031	10,295,031
	121,919,501	113,290,169	23,940,032	46,909,629	12,756	306,072,087	301,757,098

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 63. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 63.4 Liquidity risk *(Continued)*

##### *Undiscounted cash flows by contractual maturities of non-derivative financial liabilities* *(Continued)*

As at 31 December 2022

	On Demand RMB'000	Within 3 months (Inclusive) RMB'000	3 months to 1 year (Inclusive) RMB'000	1 year to 5 years (Inclusive) RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Placements from banks and financial institutions	-	7,354,987	1,010,617	-	-	8,365,604	8,352,456
Short-term financing bill payables	-	101,149	8,279,719	-	-	8,380,868	8,300,603
Account payables to brokerage clients	123,041,420	-	-	-	-	123,041,420	123,041,420
Repurchase agreements	-	58,791,040	3,638,321	-	-	62,429,361	62,299,523
Financial liabilities at fair value through profit or loss	46,090	13,055,427	4,025,681	1,418,425	-	18,545,623	18,539,311
Borrowings	-	1,005,478	171,790	840,100	-	2,017,368	2,008,823
Lease liabilities	-	100,703	258,651	313,243	3,755	676,352	645,777
Debt securities issued	-	321,750	17,739,007	41,713,150	-	59,773,907	55,802,403
Other account payables and other payables	8,638,113	-	-	-	-	8,638,113	8,638,113
	131,725,623	80,730,534	35,123,786	44,284,918	3,755	291,868,616	287,628,429

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 63. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 63.5 Capital management

The Group's and the Company's objectives of capital management are:

- To safeguard the Group's and the Company's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders;
- To support the Group's and the Company's stability and growth;
- To maintain a strong capital base to support the development of their business; and
- To comply with the capital requirements under the PRC and Hong Kong regulations.

In accordance with Administrative Measures for Risk Control Indicators of Securities Firms (Revision 2020) (the "Administrative Measures") issued by CSRC, the Company is required to meet the following standards for risk control indicators on a continual basis:

1. The ratio of net capital divided by the sum of its various risk capital provisions shall be no less than 100% ("Ratio 1");
2. The ratio of core net capital divided by the sum of on-balance-sheet and off-balance-sheet assets shall be no less than 8% ("Ratio 2");
3. The ratio of high-quality liquid assets divided by net cash outflow of the next thirty days shall be no less than 100% ("Ratio 3");
4. The ratio of available stable capital divided by required stable capital shall be no less than 100% ("Ratio 4");
5. The ratio of net capital divided by net assets shall be no less than 20% ("Ratio 5");
6. The ratio of net capital divided by liabilities shall be no less than 8% ("Ratio 6");
7. The ratio of net assets divided by liabilities shall be no less than 10% ("Ratio 7");
8. The ratio of the value of equity securities and derivatives held divided by net capital shall not exceed 100% ("Ratio 8"); and
9. The ratio of the value of non-equity securities and derivatives held divided by net capital shall not exceed 500% ("Ratio 9").



# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 63. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 63.5 Capital management *(Continued)*

Net capital refers to net assets minus risk adjustments on certain types of assets as defined in the Administrative Measures.

As at 31 December 2023 and 2022, the Company has met the above risk control indicators requirements.

Certain subsidiaries of the Company are also subject to capital requirements under the PRC and Hong Kong regulations, imposed by the CSRC and the Hong Kong Securities and Futures Commission, respectively.

### 64. FAIR VALUE OF FINANCIAL INSTRUMENTS

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: Inputs are quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

#### **Fair value of the financial assets and financial liabilities that are not measured on a recurring basis**

The fair value of financial assets and financial liabilities not measured at fair value on a recurring basis is estimated by the active market quotation or determined in accordance with discounted cash flow method.

The key parameters used in discounted cash flow method for financial instruments held by the Group that are not measured on a recurring basis include interest rates, foreign exchange rates and counterparty credit spreads.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

**Fair value of the financial assets and financial liabilities that are not measured on a recurring basis *(Continued)***

The table below summarises the carrying amounts and expected fair values of those financial assets and liabilities not presented on the Group's consolidated statement of financial position at their fair values.

	As at 31 December			
	2023		2022	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
<b>Financial asset</b>				
Debt instruments measured at amortised cost	1,586,591	1,609,708	3,164,972	3,192,105
<b>Financial liability</b>				
Debt securities issued				
– Corporate bonds	30,063,388	30,510,604	36,463,074	36,855,594
– Subordinated bonds	24,906,609	24,971,136	13,292,467	13,329,203
– Offshore bonds	5,057,958	4,978,820	6,045,793	5,878,148
– Income certificates	129,890	129,963	1,069	1,068
<b>Total</b>	<b>60,157,845</b>	<b>60,590,523</b>	<b>55,802,403</b>	<b>56,064,013</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

**Fair value of the financial assets and financial liabilities that are not measured on a recurring basis *(Continued)***

**As at 31 December 2023**

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Financial asset</b>				
Debt instruments measured at amortised cost	284,033	1,325,675	–	1,609,708
<b>Financial liability</b>				
Debt securities issued	55,481,740	5,108,783	–	60,590,523

**As at 31 December 2022**

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Financial asset</b>				
Debt instruments measured at amortised cost	436,008	2,756,097	–	3,192,105
<b>Financial liability</b>				
Debt securities issued	50,184,797	5,879,216	–	56,064,013

The fair values of the financial assets and financial liabilities included in the level 2 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of respective group entities or counterparties.

Except for the above, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Group's statements of financial position approximate their fair values.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

### **Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis**

If there is a reliable market quote for a financial instrument, the fair value of the financial instrument is measured based on quoted market price. If a reliable quoted market price is not available, the fair value of the financial instrument is estimated using valuation techniques. For the fair value of financial instruments categorised within Level 2, the valuation techniques applied include discounted cash flow, recent transaction price and net asset value method. The significant observable inputs used in the valuation techniques for Level 2 financial instruments include future cash flows estimated based on applying the interest yield curves, net asset values determined with reference to observable (quoted) prices of underlying investment portfolio and adjustments of related expenses, contractual terms, forward interest rates and forward exchange rates.

For financial instruments categorised within Level 3, fair values are determined by using valuation techniques, including valuation methods such as discounted cash flow model, comparable company analysis and recent financing price method. Determinations to classify fair value measures within Level 3 are generally based on the significance of the unobservable inputs to the overall fair value measurement.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

As at 31 December 2023

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Financial assets:</b>				
Debt instruments at FVTOCI				
– Debt securities	49,568,073	41,245,640	–	90,813,713
Equity instruments at FVTOCI				
– Equity securities	4,327,729	5,814	188,359	4,521,902
– Perpetual instruments	130,890	1,645,386	–	1,776,276
Financial assets at FVTPL				
– Debt securities	9,703,923	34,464,634	91,492	44,260,049
– Equity securities	2,731,902	15,592	4,169,369	6,916,863
– Associates	–	–	1,800,815	1,800,815
– Funds	3,126,650	12,811,951	–	15,938,601
– Other investments	4,922,070	21,269,432	1,961,814	28,153,316
Derivative financial assets	–	754,158	1,123,492	1,877,650
<b>Total</b>	<b>74,511,237</b>	<b>112,212,607</b>	<b>9,335,341</b>	<b>196,059,185</b>
<b>Financial liabilities:</b>				
Financial liabilities at FVTPL	2,413,390	5,430,470	7,457,974	15,301,834
Derivative financial liabilities	300	570,277	303,625	874,202
<b>Total</b>	<b>2,413,690</b>	<b>6,000,747</b>	<b>7,761,599</b>	<b>16,176,036</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

As at 31 December 2022

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets:				
Debt instruments at FVTOCI				
– Debt securities	43,709,766	33,152,330	–	76,862,096
Equity instruments at FVTOCI				
– Equity securities	3,165,489	7,151	217,708	3,390,348
– Perpetual instruments	310,203	21,107	–	331,310
Financial assets at FVTPL				
– Debt securities	9,558,952	26,766,786	290,377	36,616,115
– Equity securities	1,763,049	48,711	4,393,537	6,205,297
– Associates	–	–	1,933,905	1,933,905
– Funds	2,219,324	9,488,033	–	11,707,357
– Other investments	3,876,238	21,912,892	1,511,926	27,301,056
Derivative financial assets	–	466,259	551,075	1,017,334
<b>Total</b>	<b>64,603,021</b>	<b>91,863,269</b>	<b>8,898,528</b>	<b>165,364,818</b>
Financial liabilities:				
Financial liabilities at FVTPL				
Derivative financial liabilities	672	183,204	124,570	308,446
<b>Total</b>	<b>3,210,704</b>	<b>10,152,216</b>	<b>5,484,837</b>	<b>18,847,757</b>

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

#### Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

The following table presents the valuation techniques and inputs used for the major financial instruments in Level 3.

Financial instruments	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Equity securities/ Associates	4,259,125 (asset)	4,207,295 (asset)	Calculated based on pricing/yield such as price-to-earnings (P/E), price-to-book value (P/B) and price-to-sales (P/S) ratio of comparable companies with an adjustment of discount for lack of marketability.	P/E multiples P/B multiples P/S multiples Discount for lack of marketability	The higher the multiples, the higher the fair value. The higher the discount, the lower the fair value.
Equity securities	739,362 (asset)	1,348,062 (asset)	The fair value is determined with reference to the quoted market prices with an adjustment of discount for lack of marketability. This discount is determined by option pricing model. The key input is historical volatility of the share prices of the securities.	Discount for lack of marketability	The higher the discount, the lower the fair value.
Equity securities/ Associates	1,160,056 (asset)	989,793 (asset)	Recent transaction price with an adjustment of discount for the marketability.	Discount for lack of marketability	The higher the discount, the lower the fair value.
Debt securities	91,492 (asset)	290,377 (asset)	Future cash flows are discounted by the risk adjusted discount rate of the bonds.	Discount rate	The higher the discount rate, the lower the fair value.
Derivative financial instruments	1,123,492 (asset) 303,625 (liability)	551,075 (asset) 124,570 (liability)	The option pricing model is used which applies the option exercise price, the price and volatility of the underlying asset, the option exercise time, and the risk-free interest rate.	The volatility of the underlying asset for option	The higher the volatility, the greater the impact on the fair value.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

**Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)***

Financial instruments	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Income certificates designated at FVTPL	7,144,110 (liability)	4,749,492 (liability)	The option pricing model is used which applies the option exercise price, the price and volatility of the underlying asset, the option exercise time, and the risk-free interest rate.	The volatility of the underlying asset for option	The higher the volatility, the greater the impact on the fair value.
Other investments	1,961,814 (asset) 53,362 (liability)	1,511,926 (asset) 46,090 (liability)	The fair value is determined with reference to the net asset value of the underlying investments with an adjustment of discount for the credit risk of various counterparties.	Discount rate	The higher the discount rate, the lower the fair value.
Interests attributable to other holders of consolidated structured entities	260,502 (liability)	564,685 (liability)	Shares of the net value of the structured entities, determined with reference to the net asset value of the structured entities, calculated based on pricing/yield of comparable companies with an adjustment of discount for lack of marketability of underlying investment portfolio and adjustments of related expenses.	P/E multiples Discount for lack of marketability	The higher the multiples, the higher the fair value. The higher the discount, the lower the fair value.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

**Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)***

There were no significant transfers between instruments in Level 1 and Level 2 during the relevant year.

The following tables represent the changes in Level 3 financial instruments for the relevant years.

### Year ended 31 December 2023

	Equity Instruments at FVTOCI RMB'000	Financial assets at FVTPL RMB'000	Financial liabilities at FVTPL RMB'000	Derivative financial instruments RMB'000
At beginning of the year	217,708	8,129,745	(5,360,267)	426,505
Changes in fair value recognised in other comprehensive income	(16,216)	-	-	-
Changes in fair value recognised in profit or loss	-	(430,258)	(169,278)	657,531
Additions <i>(Note a)</i>	-	2,748,657	(8,693,287)	(153,036)
Transfer out of Level 3 <i>(Note b)</i>	-	(1,024,948)	-	-
Disposals and settlements	(13,133)	(1,399,706)	6,764,858	(111,133)
At end of the year	188,359	8,023,490	(7,457,974)	819,867
Total (losses)/gains for assets/liabilities held at end of the year				
- unrealised losses recognised in other comprehensive income	(17,495)	-	-	-
- unrealised losses/(gains) recognised in profit or loss	-	(1,148,345)	174,958	71,992

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

**Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)***

**Year ended 31 December 2022**

	Equity Instruments at FVTOCI RMB'000	Financial assets at FVTPL RMB'000	Financial liabilities at FVTPL RMB'000	Derivative financial instruments RMB'000
At beginning of the year	431,914	5,508,041	(3,182,059)	(133,636)
Changes in fair value recognised in other comprehensive income	(17,688)	–	–	–
Changes in fair value recognised in profit or loss	–	425,089	(76,544)	493,164
Additions <i>(Note a)</i>	–	4,431,531	(4,550,993)	(23,101)
Transfer out of Level 3 <i>(Note b)</i>	–	(855,116)	–	–
Disposals and settlements	(196,518)	(1,379,800)	2,449,329	90,078
At end of the year	217,708	8,129,745	(5,360,267)	426,505
Total (losses)/gains for assets/liabilities held at end of the year				
– unrealised losses recognised in other comprehensive income	4,321	–	–	–
– unrealised losses/(gains) recognised in profit or loss	–	409,032	(41,498)	300,762

*Note a:* These mainly included unlisted equity investments, restricted stocks and other investments with significant unobservable inputs applied in valuing these investments.

*Note b:* These mainly included equity securities traded on stock exchanges with lock-up periods. They were transferred from Level 3 to Level 1 when the lock-up period lapsed and became unrestricted.

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 65. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings RMB'000	Financial Liabilities at FVTPL – Income Certificates RMB'000	Debt securities issued and short-term financing bill payables RMB'000	Derivative financial assets and liabilities RMB'000	Lease liabilities RMB'000	Other liabilities – dividend payable RMB'000	Total RMB'000
At 1 January 2023	2,008,823	4,749,492	64,103,006	(76,935)	645,777	80	71,430,243
Financing cash flows	(371,553)	2,001,420	(3,534,297)	(18,201)	(401,469)	(1,511,996)	(3,836,096)
Interest expenses	55,595	-	2,253,690	-	19,860	-	2,329,145
New lease entered/lease modified	-	-	-	-	283,011	-	283,011
Dividends declared	-	-	-	-	-	1,511,996	1,511,996
Net investment gains	-	110,502	-	18,201	-	-	128,703
Fair value adjustments	-	282,696	-	(171,829)	-	-	110,867
Foreign exchange	7,159	-	133,146	-	296	-	140,601
At 31 December 2023	1,700,024	7,144,110	62,955,545	(248,764)	547,475	80	72,098,470

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2023

### 65. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

(Continued)

	Borrowings	Financial Liabilities at FVTPL – Income Certificates	Debt securities issued and short-term financing bill payables	Derivative financial assets and liabilities	Lease liabilities	Other liabilities – dividend payable	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	558,645	2,674,736	74,606,020	10,839	781,842	80	78,632,162
Financing cash flows	1,398,215	2,119,966	(13,239,142)	38	(373,565)	(2,362,242)	(12,456,730)
Interest expenses	34,008	-	2,415,946	-	25,689	-	2,475,643
New lease entered/lease modified	-	-	-	-	210,190	-	210,190
Dividends declared	-	-	-	-	-	2,362,242	2,362,242
Net investment gains	-	33,919	-	(38)	-	-	33,881
Fair value adjustments	-	(79,129)	-	(87,774)	-	-	(166,903)
Foreign exchange	17,955	-	320,182	-	1,621	-	339,758
At 31 December 2022	2,008,823	4,749,492	64,103,006	(76,935)	645,777	80	71,430,243

### 66. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative figures have been re-presented to conform to the current year presentation.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 67. SUBSEQUENT EVENTS

### Implementation of share repurchase

As at 30 January, 2024, the Company has repurchased a total of 34,843,324 A shares, representing 0.4101% of the total share capital of the Company, with a maximum repurchase price of RMB9.14 per share, a lowest repurchase price of RMB7.99 per share and an average repurchase price of RMB8.92 per share, in which the total amount of funds utilised was RMB311 million (excluding trading fees).

### Issuance of corporate bonds

On 25 January 2024, the Company issued a corporate bond with par value of RMB1.8 billion. The bond bears interest rate at 2.73% with a term of 3 years.

### Proposed profit distribution

Pursuant to the Board resolution passed on 27 March 2024, it is proposed that cash dividends of RMB1.50 (tax inclusive) be distributed for every 10 shares based on the Company's existing share capital of 8,496,645 thousand shares deducting 34,843 thousand shares deposited in the Company's special securities account for repurchase as of 27 March 2024. This proposed distribution of cash dividends is subject to the approval of the Shareholders' general meetings.



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