

# 2024 INTERIM REPORT

Stock Code: 06881

 **中国银河证券**  
CHINA GALAXY SECURITIES



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# DEFINITIONS

“Company”	China Galaxy Securities Co., Ltd. (中國銀河證券股份有限公司), a joint stock limited company incorporated in the PRC on 26 January 2007, the H Shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 06881), and the A Shares of which are listed on the SSE (Stock Code: 601881)
“Group”	the Company and its subsidiaries
“Articles of Association”	the articles of association of the Company as lately amended
“Board” or “Board of Directors”	the board of Directors of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Director(s)”	director(s) of the Company
“Supervisor(s)”	supervisor(s) of the Company
“MOF”	Ministry of Finance of the People's Republic of China (中華人民共和國財政部)
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“CSRC Beijing Office”	China Securities Regulatory Commission Beijing Office
“CSRC Qingdao Office”	China Securities Regulatory Commission Qingdao Office
“CSRC Jiangsu Office”	China Securities Regulatory Commission Jiangsu Office
“CSRC Shenzhen Office”	China Securities Regulatory Commission Shenzhen Office
“SSE”	the Shanghai Stock Exchange (上海證券交易所)
“SZSE”	the Shenzhen Stock Exchange (深圳證券交易所)
“BSE”	the Beijing Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SCH”	Shanghai Clearing House
“NEEQ Company”	National Equities Exchange and Quotations Co., Ltd.
“Galaxy Capital”	Galaxy Capital Management Company Limited (銀河創新資本管理有限公司), a wholly-owned subsidiary of the Company
“Galaxy Futures”	Galaxy Futures Company Limited (銀河期貨有限公司), a wholly-owned subsidiary of the Company
“Galaxy Derivatives”	Galaxy Derivatives Company (銀河德睿資本管理有限公司), which is owned as to 100% by Galaxy Futures, and is an indirect wholly-owned subsidiary of the Company
“Galaxy Yuanhui”	Galaxy Yuanhui Investment Co., Ltd. (銀河源匯投資有限公司), a wholly-owned subsidiary of the Company
“Galaxy Financial Holdings”	China Galaxy Financial Holdings Company Limited (中國銀河金融控股有限責任公司), the controlling shareholder of the Company, holding 47.43% of the issued share capital of the Company as at the End of the Reporting Period

“Galaxy Fund Management”	Galaxy Fund Management Company Limited (銀河基金管理有限公司), which is owned as to 50% by Galaxy Financial Holdings, and is a non-wholly-owned subsidiary of the Galaxy Financial Holdings
“CGI”	CGS International Holdings Limited (中國銀河國際控股有限公司), a wholly-owned subsidiary of the Company
“CGS International”	collectively refers to CGS International Securities Pte. Ltd. (formerly known as CGS-CIMB Securities International Pte. Ltd.) and CGS International Securities Malaysia Sdn. Bhd. (formerly known as CGS-CIMB Holdings Sdn. Bhd.)
“Galaxy Jinhui”	Galaxy Jinhui Securities Assets Management Co., Ltd. (銀河金匯證券資產管理有限公司), a wholly-owned subsidiary of the Company
“CIC”	China Investment Corporation, which holds 100% of the equity interest in Huijin as at the End of the Reporting Period
“Huijin”	Central Huijin Investment Ltd. (中央匯金投資有限責任公司), holding 69.07% equity interest of Galaxy Financial Holdings as at the End of the Reporting Period
“Growth Enterprise Market (GEM)”	the Growth Enterprise Market of the Shenzhen Stock Exchange
“Science and Technology Innovation Board” or “STAR Market”	the Science and Technology Innovation Board (STAR Market) of the Shanghai Stock Exchange
“New OTC Board”	the National Equities Exchange and Quotations for small and medium-sized enterprises
“Securities Law”	the Securities Law of the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as lately amended, supplemented or otherwise modified)
“Company Law”	the Company Law of the People’s Republic of China
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Stock Exchange Listing Rules
“CG Code”	the Corporate Governance Code set out in Appendix C1 to the Stock Exchange Listing Rules
“connected person”	has the same meaning ascribed to it under the Stock Exchange Listing Rules
“Stock Exchange Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as lately amended
“SSE Listing Rules”	the Rules Governing the Listing of Securities on the Shanghai Stock Exchange, as lately amended
“IFRS”	International Financial Reporting Standards, including standards, amendments and interpretations issued by the International Accounting Standards Board and International Accounting Standards and interpretations issued by the International Accounting Standards Committee
“China Accounting Standards for Business Enterprises”	China Accounting Standards for Business Enterprises and related regulations issued by the Ministry of Finance

# DEFINITIONS

“FICC”	fixed income, foreign currencies and commodities
“ETF”	exchange-traded fund
“FOF”	Fund of Fund, a fund that invests in other funds
“REITs”	real estate investment trusts
“margin and securities refinancing”	a business in which securities firms can act as intermediaries to borrow funds or securities from the China Securities Finance Corporation Limited and on-lend such funds and securities to their clients
“A Shares”	domestic share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) listed on the SSE and subscribed for and traded in Renminbi
“H Shares”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) subscribed for and traded in HK dollars and listed on the Hong Kong Stock Exchange
“IPO”	initial public offering
“VaR”	Value at Risk (VAR), means the maximum possible loss of a financial asset or portfolio of securities in a given future period at a certain confidence level
“End of the Reporting Period”	30 June 2024
“Reporting Period”	the period from 1 January 2024 to 30 June 2024
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$” or “U.S. dollars” or “USD”	United States dollars, the lawful currency of the United States

## Notes:

1. In this report, any discrepancies between totals and sums of amounts listed are due to rounding.
2. This report has been prepared in both Chinese and English. In the event of any discrepancy in the interpretation of the two versions, the Chinese one shall prevail.



# COMPANY INFORMATION

## NAME OF THE COMPANY

Chinese Name: 中國銀河證券股份有限公司  
English Name: China Galaxy Securities Co., Ltd.

## CHAIRMAN

Mr. Wang Sheng

## BOARD SECRETARY

Mr. Liu Bing

## COMPANY SECRETARY

Ms. Ng Ka Man

## AUTHORIZED REPRESENTATIVES

Mr. Wang Sheng, Ms. Ng Ka Man

## HEADQUARTERS IN THE PRC

Registered address: No. 101, 7/F-18/F, Building No. 1, No. 8 Xiying Street, Fengtai District, Beijing, the PRC  
Office address: Qinghai Finance Building, Building No. 1, No. 8 Xiying Street, Fengtai District, Beijing, the PRC  
Website of the Company: <https://www.chinastock.com.cn>  
Email address: [zgyh@chinastock.com.cn](mailto:zgyh@chinastock.com.cn)

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## AUDITORS ENGAGED BY THE COMPANY

Domestic: Ernst & Young Hua Ming LLP  
International: Ernst & Young

## LEGAL ADVISERS ENGAGED BY THE COMPANY

Domestic: Beijing King & Wood Mallesons  
Hong Kong: Latham & Watkins LLP

## STOCK CODE

Hong Kong Stock Exchange  
H Share Stock Code: 06881

SSE  
A Share Stock Code: 601881

## SHARE REGISTRARS

Share Registrar for A Shares:	China Securities Depository and Clearing Corporation Limited
Share Registrar for H Shares:	Computershare Hong Kong Investor Services Limited

# FINANCIAL HIGHLIGHTS

## MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

Item	January- June 2024	January- June 2023	Increase/decrease from the same period of last year
<b>Operating results (RMB'000)</b>			
Revenue and other income	<b>22,910,917</b>	23,006,833	-0.42%
Profit before income tax	<b>4,542,357</b>	5,156,233	-11.91%
Profit for the period – attributable to owners of the Company	<b>4,387,820</b>	4,939,222	-11.16%
Net cash flows from operating activities	<b>10,990,084</b>	11,770,303	-6.63%
<b>Earnings per share (RMB per share)</b>			
Basic earnings per share	<b>0.35</b>	0.45	-22.22%
Diluted earnings per share	<b>0.35</b>	0.43	-18.60%
<b>Profitability ratio</b>			
Weighted average return on net assets	<b>3.63%</b>	5.10%	Decrease of 1.47 percentage points

Item	30 June 2024	31 December 2023	Increase/decrease from the end of last year
<b>Scale indicators (RMB'000)</b>			
Total assets	<b>766,309,103</b>	663,205,297	15.55%
Total liabilities	<b>632,348,071</b>	532,710,511	18.70%
Accounts payable to brokerage clients	<b>180,365,579</b>	120,261,793	49.98%
Equity attributable to owners of the Company	<b>133,932,377</b>	130,466,361	2.66%
<b>Total share capital (in thousand shares)</b>	<b>10,934,402</b>	10,934,402	–
Net assets per share attributable to owners of the Company (RMB per share) <sup>Note 1</sup>	<b>12.25</b>	11.93	2.68%
Gearing ratio (%) <sup>Note 2</sup>	<b>77.14%</b>	75.97%	Increase of 1.17 percentage points

Notes:

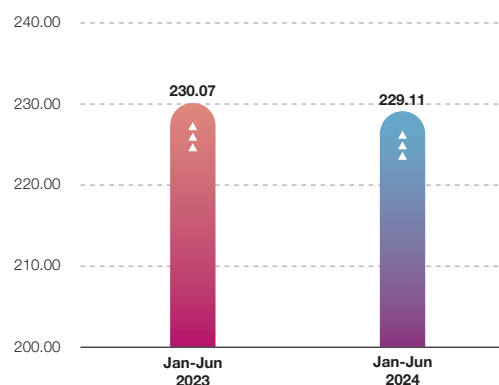
- 1 Net assets value per share attributable to owners of the Company as at 30 June 2024 and 31 December 2023 presented in the table above include perpetual bonds issued by the Company. After deducting such effect, net assets value per share attributable to owners of the Company as at the End of the Reporting Period and the end of last year amounted to RMB9.52 and RMB9.21, respectively.
- 2 Gearing ratio = (total liabilities – accounts payable to brokerage clients – funds payable to securities issuers)/(total assets – accounts payable to brokerage clients – funds payable to securities issuers).

### Description of differences on accounting data by domestic and foreign accounting standards:

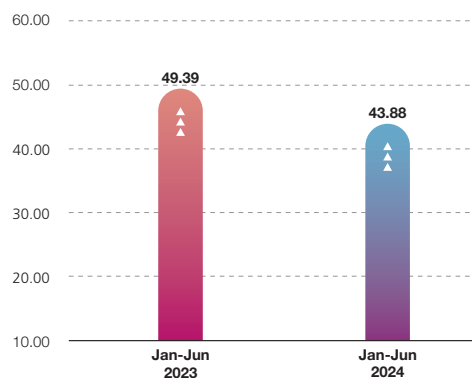
There was no difference between the Company's net profits and net assets shown in the consolidated financial statements prepared under the International Financial Reporting Standards and those shown in the consolidated financial statements prepared under the China Accounting Standards for Business Enterprises.

# FINANCIAL HIGHLIGHTS

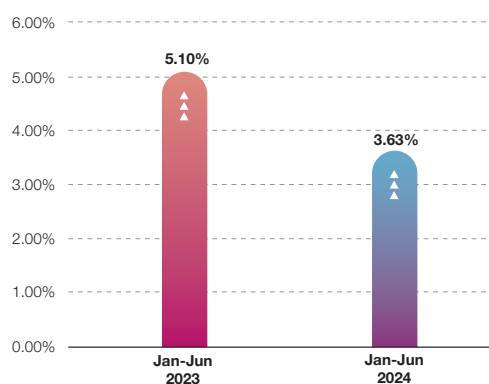
**Revenue and other income  
(RMB100 million)**



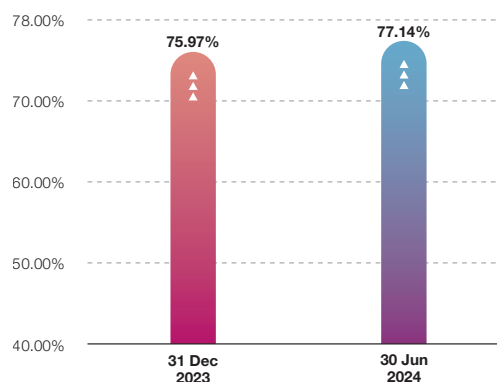
**Profit for the period – attributable to owners  
of the Company  
(RMB100 million)**



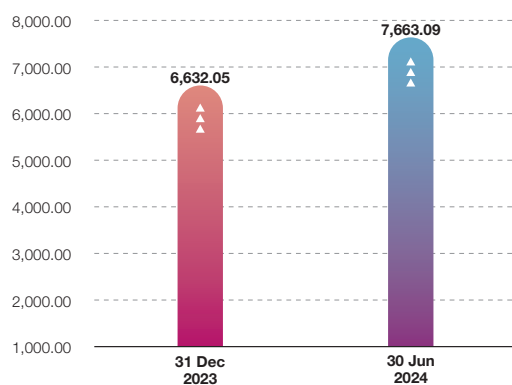
**Weighted average return on net assets (%)**



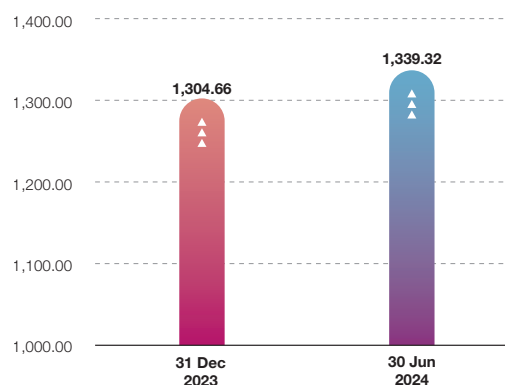
**Gearing ratio (%)**



**Total assets  
(RMB100 million)**



**Equity attributable to owners of the Company  
(RMB100 million)**





# FINANCIAL HIGHLIGHTS

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

During the Reporting Period, the Company's net capital and various risk control indicators continued to comply with the requirements of the CSRC. The parent company's key risk control indicators, including net capital, as at the End of the Reporting Period and the end of the previous year are as follows:

Item	As at the End of the Reporting Period	As at the end of the previous year
Net capital (RMB)	106,698,864,469.56	100,100,154,912.51
Net assets (RMB)	129,810,212,350.75	126,594,428,575.06
Total risk capital reserves (RMB)	38,107,260,484.56	41,103,996,144.94
Risk Coverage Ratio (%) <sup>Note 1</sup>	280.00	243.53
Capital leverage ratio (%) <sup>Note 2</sup>	12.43	12.03
Liquidity coverage ratio (%) <sup>Note 3</sup>	310.12	289.15
Net stable funding ratio (%) <sup>Note 4</sup>	137.35	129.20
Net capital/net assets (%)	82.20	79.07
Net capital/liabilities (%)	25.88	26.83
Net assets/liabilities (%)	31.49	33.94
Proprietary equity securities and their derivatives/net capital (%)	22.09	28.22
Proprietary non-equity securities and their derivatives/net capital (%)	306.28	273.87

Notes:

1. Risk coverage ratio = net capital/total risk capital reserves x 100%
2. Capital leverage ratio = core net capital/total assets on and off the balance sheet x 100%, where core net capital does not exclude risk adjustments for contingent liabilities such as guarantees.
3. Liquidity coverage ratio = high-quality liquid assets/net cash outflows within next 30 days x 100%
4. Net stable funding ratio = available stable funding/required stable funding x 100%

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

### (1) Types of Principal Businesses in Which the Group Operates

The Company is committed to building a respected modern investment bank by focusing on marketisation, platformisation and digitisation. In 2023, the Company formally implemented a new round of strategic development planning, by clearly sticking to the strategic mission of “serving the country with finance and putting customers first” and the strategic goal of building a first-class domestic and international modern investment bank. The Company pushed forward the “five-in-one” business model, i.e., to provide integrated financial services including wealth management, investment banking, institutional business, international business, investment trading, and other parent-subsidiary integration business.

#### Wealth Management

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

#### Investment Banking

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

#### Institutional Business

The Company engages in the provision of prime brokers, seat leasing, custody and fund services, investment research, sales and trading for institutional clients.

#### International Business

The Company provides brokerage and sales, investment banking, research and asset management services to global institutional clients, corporate clients and retail clients through CGI, CGS International and other business platforms.

#### Investment Trading

The Company engages in proprietary investment trading of equity securities, fixed-income securities, commodities and derivative financial instruments, and provides integrated financial solutions for clients’ investment, financing and risk management.

#### Other Parent-subsidiary Integration Business

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

### (2) Operational Model of the Group

During the Reporting Period, the Company continuously improved the “five-in-one” business model and established the “three plus one” system. It vertically developed the “five-in-one” business model. The “five” in the “five-in-one” business model means a financial advisor around the people, an investment banking specialist trusted by entrepreneurs, a full-service provider relied on by institutional clients, an integrated service provider in the international market, and a professional investment dealer in the capital market. The “in-one” in the model means the provision of integrated financial services centring on parent-subsidiary integration. The “three plus one” system was established horizontally, where “three” means marketisation, platformisation, digitisation and “one” means comprehensive synergy.

# COMPANY BUSINESS OVERVIEW

## (3) Development Characteristics of the Industry in Which the Group Operates

### 1. Economic Environment

During the Reporting Period, the global economy demonstrated both resilience and volatility in a complex and volatile international environment, while China's economy maintained a leading growth rate and continued its promising recovery. In China, Gross Domestic Product (GDP) increased by 5.0% year-on-year, total retail sales of consumer goods increased by 3.7% year-on-year, and total imports and exports of goods increased by 6.1% year-on-year, depicting an overall stable and progressive economic operation. In addition to effective macroeconomic policies, significantly increasing investments in advanced manufacturing and other high-tech industries related to new quality productive forces have led to rapid growth of emerging dynamics and new progress in high-quality development.

### 2. Market Trends

During the Reporting Period, the A-share market as a whole was in a volatile state, with the the Shanghai Composite Index (SCI), the Shenzhen Component Index (SZCI) and ChiNext Index falling by 0.3%, 7.1% and 11.0%, respectively, while the CSI 300 Index rose by 0.9%. The average daily turnover of A-shares amounted to RMB862.7 billion, representing a year-on-year decrease of 8.5%. The Hong Kong stock market maintained a stable growth, with the Hang Seng Index rising by 3.9% and an average daily turnover of HK\$110.2 billion, representing a year-on-year decrease of 4.8%. Yields in the domestic bond market continued to decline, with the 10-year treasury yield at 2.21% as at the End of the Reporting Period, representing a year-on-year decrease of 43 bps and the 30-year treasury yield of 2.43%, representing a year-on-year decrease of 58 bps.

### 3. Industry Landscape

During the Reporting Period, due to the expected improvement in economic recovery, the resilient performance of listed companies and the continued implementation of favourable policies in the capital market, China's capital market recovered marginally with an overall improvement in the industry. Reform and development have continuously promoted securities industry organisations to focus on functional construction, meeting the needs of both the government and the people through financial initiatives. These efforts are devoted to better assist and safeguard the stable and healthy development of the capital market by continuously improving their professional service capabilities, consolidating the foundation of compliance and risk control, and fine-tuning the financial culture with Chinese characteristics.

## (4) Position of the Group in the Industry

The Company is a leading integrated financial services provider in the PRC securities industry. It is among the top players in the industry in terms of size and strength. As a member of the "national team" in the capital market, the Company has always insisted on integrating its development into the national strategies. Its operating results remain stable. According to the disclosure of A-share listed securities firm annual reports, in 2023, the Group ranked 4th and 5th in the industry in terms of operating revenue and net profit attributable to owners of the parent company, respectively. As at the end of 2023, the Group ranked 7th and 6th in the industry in terms of total assets and net assets, respectively.

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

As at the End of the Reporting Period, the Group had total assets of RMB766.309 billion, an increase of 15.55% from the end of 2023. The items with greater changes were as follows: monetary funds amounted to RMB170.356 billion, an increase of 49.93% from the end of last year, which was mainly due to the increase in clients' deposits; lending to clients of RMB82.210 billion, a decrease of 9.88% from the end of last year, which was mainly due to the decline in financing amount; derivative financial assets of RMB11.978 billion, an increase of 42.51% from the end of last year, which was mainly due to the price fluctuation in derivatives instruments; financial assets held for trading of RMB242.491 billion, an increase of 17.61% from the end of last year, which was mainly due to the increase in bond and fund investments; other debt investments of RMB98.894 billion, an increase of 1.58% from the end of last year, which was the stable debt investment levels; investment in other equity instruments of RMB54.116 billion, an increase of 19.80% from the end of last year, which was mainly due to an increase in investments in other equity instruments.

As at the End of the Reporting Period, the Company had overseas assets equivalent to RMB39.216 billion, accounting for 5.12% of the total assets.

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

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

- (1) The Company has sound management. The Company has always adhered to the principle of basing on risk control and prioritising compliance, insisted on the prudent and robust risk appetite, and upheld the compliance concept of “three don’ts and one must do”. With the optimisation of the comprehensive risk management capability and support for the effective synergy of internal controls, the Company continuously improved the professional tools of internal controls, perfected the penetrating and full-coverage risk management operation mechanism covering subsidiaries and off-balance-sheet businesses, and enhanced the proactivity, professionalism and foresight of internal controls, so as to firmly hold the bottom line of avoiding any major financial risk and provide a solid foundation and guarantee for the Company’s steady development.
- (2) The Company has a distinctive business system. Specialising in retail business, the Company has established a client-centric wealth management service system covering branch offices and securities branches. It is a leading provider of services in stockbroking, agency sale of financial products, credit business and futures business. The Company leverages its offline network and client scale to get a head start in wealth management transformation, allowing it to maintain a leading position in retail services. As for its international business, the Company puts focus in Southeast Asia and has built a sound international service chain. It broke into the top three players in terms of market share in core regions, such as Singapore and Malaysia. The international business has been increasingly mature, which will become an important growth point in the future.
- (3) The Company has a good brand image. The Company was a wholly state-owned securities company with the largest registered capital in China at the time of establishment. It is now one of the leading securities companies with the highest state ownership. The Company listed shares on both the H-share and A-share markets in 2013 and 2017, respectively. It has been awarded numerous honours and titles by governmental departments and professional organisations. The Company’s core businesses have long stayed top of the industry rankings. It actively serves the national strategies and the real economy, helps the capital market establish an endogenous stability mechanism, and actively integrates into the “dual circulation” pattern. It enjoys a high visibility and reputation in China’s capital market, especially in the field of household wealth management.
- (4) The Company has the most extensive channel network. The Company has constantly stepped up its presence in the domestic market. After years of development, the Company had 37 branch offices and 465 securities branches in 31 provinces, autonomous regions, municipalities as at the End of the Reporting Period, allowing it to conveniently satisfy the needs of all kinds of clients for integrated financial services. With the deepening of the Belt and Road Initiative, the Company, through the merger and acquisition, expanded its international business network from Hong Kong to Singapore, Malaysia, Indonesia, Thailand, South Korea, the United Kingdom, etc., marking its all-round entry in Southeast Asia and making it a Chinese brokerage with the most extensive network in Asia.
- (5) The Company has rich client resources. As at the End of the Reporting Period, the Company had more than 16 million clients. Benefitting from its sound client base, the Company has significant potential for synergistic sales growth among its business lines.

# MANAGEMENT DISCUSSION AND ANALYSIS

## I. OVERALL BUSINESS SITUATION

During the Reporting Period, in the face of the intricate business environment and the arduous task of reform and development, the Company insisted on the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fulfilled the needs of both the government and the people through financial initiatives and followed the overall leadership of the Party. Despite the competition and difficulties faced, the Company continued to deepen the reform of the system and mechanism and implemented effective strategic plans. In addition, we concentrated on technology finance, green finance, inclusive finance, pension finance, and digital finance to promote the high-quality development of financial services and the development of new quality productive forces, excelled in the main business and industry, and consciously played as a solid mainstay serving the real economy and a cornerstone safeguarding financial stability. We are committed to contributing our efforts to the strategy of developing China into a financial power, demonstrated through the practical results achieved in establishing a first-class investment bank. The Company adhered to the general principle of seeking progress while maintaining stability and a functional-first approach. Continuous efforts were made to improve the structure of its light and heavy capital business and the in-depth reform of key areas. Furthermore, we promoted the business transformation and upgrading as well as the introduction of new growing business, further strengthened the support of financial science and technology as well as IT co-ordination and advancement and firmly established the bottom line of risk prevention and control. All these measures resulted in a continuous enhancement of the stability of our performance and long term sustainable development. As at the End of the Reporting Period, the Group's total assets amounted to RMB766.309 billion and the equity attributable to owners of the Company amounted to RMB133.932 billion. During the Reporting Period, the Group achieved revenue and other income of RMB22.911 billion, representing a year-on-year decrease of 0.42%, and net profit attributable to owners of the Company of RMB4.388 billion, representing a year-on-year decrease of 11.16%. Weighted average return on net assets was 3.63%, representing a decrease of 1.47 percentage points year-on-year.

## II. ANALYSIS OF PRINCIPAL BUSINESSES

### 1. Wealth Management

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

During the Reporting Period, the A-share market remained volatile, entering a phase of adjustment once again after a strong rebound at the beginning of the year, with market risk appetite tightening, the increasing rotation of hot sectors, and declining trading enthusiasm. According to the statistics of stock exchanges, the trading volume (excluding Shanghai Stock Connect, Shenzhen Stock Connect and exchange-traded money market funds) on the three stock exchanges (i.e. the SSE, the SZSE and the BSE) was approximately RMB105.4 trillion, with an average daily trading volume of RMB0.9 trillion, representing a year-on-year decrease of 7.5%.

During the Reporting Period, the Company adhered to its client-centric service philosophy, aiming to become a financial advisor for the general public. It continuously optimized the system of “client classification, investment advisory classification, service tiering, product diversification, and technology support”, and provided “professional, supportive, and agile” wealth management services. From the perspective of retail business, relying on its large customer base and extensive offline network, the Company accelerated the transformation of its outlet advantage into a winning edge, strengthened the closed-loop management of the whole process from “client acquisition, client activation to client retention”, actively expanded its online cooperation and offline vertical channels, and enhanced service for its existing clients, so as to seize the opportunities of high-speed development of ETFs and other market segments. We are committed to providing customers with diversified, personalised and scenario-based integrated financial services, to build up a “new retail” model. The total number of its clients exceeded 16 million as of the End of the Reporting Period.

## (2) Financial products sales business and investment advisory service

The number and scale of publicly offered funds in China increased during the Reporting Period. According to the statistics of Wind, there were 599 newly established funds with 622.507 billion shares in issue. According to statistics from the Asset Management Association of China, the net value of publicly offered funds in the PRC amounted to RMB31.08 trillion as of the End of the Reporting Period, representing an increase of 12.6% from the beginning of the year.

During the Reporting Period, the Company built core competencies and selected innovative products to create multi-level and diversified financial product solutions and offer efficient and flexible investment choices for clients, so as to enhance the supply of diversified inclusive financial products and improve the multi-level service system. The Company continuously optimized its multi-spectrum investment advisory service matrix, established a buy-side investment advisory service system with Galaxy's characteristics, expanded the boundary and coverage of its service assets, and strengthened its client service capabilities to efficiently connect with clients and provide them with professional companionship.

As at the End of the Reporting Period, the size of financial products of the Company amounted to RMB198.508 billion, an increase of 1.3% from the beginning of the year. The number of investment advisors amounted to 3,917, an increase of 119 from the beginning of the year. A total of 81,200 individual pension accounts were opened. Galaxy Jinyi had more than 6,000 contracted individual clients, with the size of approximately RMB40 billion. It served about 200 institutional clients, with the size of approximately RMB10 billion.

## (3) Credit Business

According to the statistics of Wind, the balance of margin trading and securities lending amounted to RMB1,480.9 billion as at the End of the Reporting Period, a decrease of 10.3% from the beginning of the year. The balance of margin financing stood at RMB1,449.3 billion, a decline of 8.2% from the beginning of the year, while that of securities lending was RMB31.6 billion, a drop of 55.9% from the beginning of the year.

During the Reporting Period, the Company, which focused on serving national strategies, fully utilised credit instruments to serve the real economy, adhered to the right path and sought for innovation, continuously acquired more clients, improved services, and strengthened synergies to promote the high-quality development of the credit business. The Company actively embraced capital market reforms, followed the direction of regulatory policies, positioned itself properly, and conducted its business in a prudent and compliant manner. It insisted on becoming client-centric, strengthened the financial support for people, enhanced technological and professional empowerment and provided differentiated and precise services and products for various clients, including individuals, companies and institutions. A sound risk prevention and control system was established to improve risk management and prevention capabilities. The Company continuously tracked market dynamics, expanded business outreach and innovated the business model to actively boost the growth of new financing business. It built a competitive "credit + X" business cluster to provide diverse integrated financial services to listed companies and their shareholders and various professional investment institutions.

As at the End of the Reporting Period, the balance of the Company's margin trading business amounted to RMB74 billion. The coverage ratio stood at 238%. The outstanding balance of its stock pledge business was RMB20.4 billion, with an average collateral coverage ratio of 238%. Risks were generally under control.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 2. Investment Banking

During the Reporting Period, the “1+N” policy system in the capital market was implemented rapidly, the scale of equity underwriting contracted sharply, and the total bond issuance in primary markets improved in general, with a rapid decline in issuing rates. Wind data showed that equity financing in China (excluding exchangeable bonds) amounted to RMB151.683 billion, a year-on-year decrease of 76.4%. Specifically, the proceeds from IPOs were RMB32.493 billion, a year-on-year decrease of 84.5%. Refinancing amounted to RMB119.19 billion, a year-on-year decrease of 72.4%. New domestic bond issuance amounted to RMB38.33 trillion, a year-on-year increase of 10.8%.

During the Reporting Period, the Company’s investment banking business was determined to implement its new strategic plan, by closely focusing on the key business strategy of “being an investment banking specialist trusted by entrepreneurs”. It endeavored to implement the “three plus one” system, and pushed forward the reform of professionalization, optimized the team setting, hired new professionals, improved the project management, and collaborated in business expansion. In particular:

### (1) Equity financing and financial advisory business

Amid the continuous tightening of A-share IPOs and refinancing, the Company stepped up efforts on professional capacity building and project reserves, consolidated its foundation for steady business development, and further optimized its cross-border synergistic business development mechanism to significantly enhance its ability to provide comprehensive financial services across the entire chain in multiple markets. During the Reporting Period, the Company completed two financial advisory projects for listed company acquisitions, three listing recommendation projects and two non-public offerings on the New OTC Board. As at the End of the Reporting Period, the Company had two IPO projects that had been approved by the listing review committee and would go through the registration procedures at the CSRC, and acted as a joint lead underwriter for two projects under review, one major asset purchase project and three listing recommendation projects.

### (2) Bond financing

The Company actively strengthened business synergies and further explored business opportunities in local government bonds, financial bonds, short-term commercial papers and private placement notes. The growth in bond underwriting was higher than the industry growth rate. According to the statistics of Wind, the Company underwrote bonds worth RMB203.544 billion during the Reporting Period, representing a year-on-year increase of 22.1% and ranking 7th in the market. The underwriting amount of local government bonds was RMB106.644 billion, ranking 5th in the market, while the underwriting amount of financial bonds was RMB52.337 billion, ranking 10th in the market.

During the Reporting Period, the Company was awarded as the New Fortune Most Promising Investment Bank and New Fortune Best Debt Underwriting Investment Bank at the 17th New Fortune Best Investment Bank Awards.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 3. Institutional Business

According to the Asset Management Association of China, the net asset value of publicly offered funds in the PRC amounted to RMB31.08 trillion as of the End of the Reporting Period, representing an increase of 12.6% from the beginning of the year. The private equity funds amounted to RMB1.989 billion, representing a decrease of 3.4% from the beginning of the year.

The Company is committed to establishing an integrated institutional client service system and coordinating resources to grow into a full-chain service provider that institutional clients rely on. Amid intensified homogeneous competition and industry ecosystem restructuring, the Company effectively leveraged its strengths as a leading brokerage firm, continued to innovate and actively pursued mutual empowerment and synergistic development with its institutional clients.

### (1) Prime broker (PB) business

During the Reporting Period, the Company, aiming for “high technology, high efficiency and high quality”, practiced the concept of science and technology finance, had the first-mover advantage in intelligent algorithms, and was at the forefront of the industry with its transaction volume, richness of algorithms, and operation stability of its algorithmic platform. The Company is committed to providing strategic trading clients with a full chain of services from investment research to trading. It is engaged in the provision of integrated financial services for publicly offered funds, strengthening its core competitiveness around the ETF industry chain. As at the End of the Reporting Period, the size of the Company’s PB business amounted to RMB260.625 billion, with 6,620 clients. The turnover of equity fund amounted to RMB1,440.098 billion.

### (2) OTC derivatives business

During the Reporting Period, the securities market saw volatility and divergence in market capitalization, sectors and style indices. Against the backdrop of tight market liquidity, the Company effectively controlled internal and external risks through scale management, iterative strategy upgrades, and flexible use of financial hedging tools. In terms of providing risk hedging and hedging tools, the Company increased its investment in polishing and upgrading its over-the-counter derivatives trading service platform, and in enhancing its ability to meet the hedging needs of institutional clients, thereby contributing to the healthy development of the capital market.

### (3) Custody and fund services

During the Reporting Period, the Company built an intelligent operation system supported by a “friendly” front office, an “agile” middle office and a “robust” back office, and strengthened its precise and agile service capabilities, moving its full-chain services to a new level with a focus on professional output. The Company’s asset custody business has passed the ISAE 3402 international accreditation for three consecutive years and has been awarded the title of the Excellent Private Placement Custody Growth Brokerage Firm Demonstration Institution (優秀私募託管成長券商示範機構) of the Yinghua Awards organised by China Fund News for two consecutive years.

As at the End of the Reporting Period, the Company’s custody and fund business size amounted to RMB225.929 billion, representing a year-on-year decrease of 19.7%. The number of such products totalled 3,986, representing a year-on-year increase of 2.0%.



# MANAGEMENT DISCUSSION AND ANALYSIS

## (4) Equity market making business

During the Reporting Period, the Company insisted on providing comprehensive financial services, actively participated in market making in listed funds, the Science and Technology Innovation Board and the stocks on the BSE, continued to expand its business scope, and continuously improved its professional competence in market making, which played an important role in enhancing market liquidity, stimulating the capital market and promoting scientific and technological innovation. As at the End of the Reporting Period, in terms of the number of market-making enterprises and products, the Company ranked No. 3 in market making on the Science and Technology Innovation Board, No. 4 in market making on the BSE, and No. 9 in market making in funds.

## (5) Research business

During the Reporting Period, the Company promoted the overall development of industry research through macro research, efficiently delivered research results, and continued to broaden the scope of its research services. Based on the advantages of its international presence, it has accelerated the implementation of the integration strategy to promote the two-way transfer of products and provision of services in China and beyond. The Company further developed its securities investment fund appraisal business, expanded its pension appraisal business such as enterprise annuity and occupational annuity, and accelerated the pace to build a special brand of fund appraisal services. The Company organized the 2024 interim investment strategy presentation and the Second Summit on Artificial Intelligence and Robotics Industry Finance, continued to provide research consulting services for the Department of Science and Technology of Heilongjiang Province, organized the ESG research tour of central-government-owned and state-owned enterprises in Xiamen and Beijing in cooperation with the Research Center of State-owned Assets Supervision and Administration Commission of the State Council.

## 4. International Business

Financing activity in Hong Kong and the four key Southeast Asian countries was weak during the Reporting Period, with equity indices mixed and trading trends diverging. The total financing from Hong Kong stocks amounted to HK\$65.2 billion, down 13% year on year. There were 30 IPOs, a year-on-year decline of 9%. IPO financing amounted to HK\$13.2 billion, a year-on-year decline of 26%. Total financing in key Southeast Asian markets fell 59% year on year to US\$1.38 billion. The number of IPOs was 67, a year-on-year decline of 21%. The underwriting scale of China dollar bonds and offshore RMB bonds amounted to US\$38.8 billion, a year-on-year increase of 8.7%.

### (1) CGI

During the Reporting Period, CGI continued to implement the Group's strategic plan in depth and focused on the development concepts of "five in one" and "three plus one", with a view to "become an integrated service provider in the international market". It adhered to the principle of seeking progress amidst stability and promoting stability through progress, strengthened the foundation of its development, enhanced its service capability, deepened the domestic and international integration, and continued to promote high-quality development. CGI shouldered its main responsibilities, and improved its operating results, with steady improvement in the ranking of various services. In terms of brokerage business in Hong Kong, its market rank increased by 2 positions as compared with that in 2023. The number of bond underwriting projects in the investment banking business came 3rd among Chinese securities firms and 6th in terms of underwriting scale according to the statistics of DMI, while the number of equity underwriting projects in the investment banking business ranked 3rd among Chinese securities firms and 7th in terms of the scale of issuance according to the statistics of Dealogic.

## (2) CGS International

During the Reporting Period, CGS-CIMB (comprising CGS-CIMB Securities International Pte. Ltd. and CGS-CIMB Holdings Sdn. Bhd.) held four brand launch events in its core markets of Singapore, Malaysia, Indonesia and Thailand, and was renamed CGS International upon completion of the brand reshaping. CGS International participated in the “KL20 Science and Technology Summit” led by the Malaysian government as the only Chinese-funded financial institution, aiming to become a bridge between China and ASEAN. CGS International maintained its leading position in its core markets in Southeast Asia. In terms of market ranking, its brokerage business went up steadily as compared to 2023 from second to first, third to second, and ninth to eighth in Malaysia, Singapore and Thailand, respectively, and remained one of the top five market players in Indonesia. CGS International has a market share of more than 10% in both Malaysia and Singapore.

During the Reporting Period, CGS International won the title of the best brokerage firm in Southeast Asia from Alpha Southeast Asia and the Asset. In its first participation in the selection of the best local brokerage firms by Institutional Investor, with its astonishing performance, CGS International won the first prize in 21 categories. In addition, in terms of the number of analysts on the list, it also ranked first among securities firms in the ASEAN.

## 5. Investment Trading

### (1) Equity investment

During the Reporting Period, the Company seized the opportunities arising from the development of the domestic and overseas capital markets and adhered to the development path of “seeking progress amidst stability”, aiming to earn absolute returns. Efforts were made to strengthen the volatility management of active investments, optimize investment portfolios, enhance the capacity building of its investment research staff, continuously improve its investment strategies, tap into investment opportunities, and endeavor to enhance the overall income-generating capacity of its equity investment business. During the Reporting Period, the Company adhered to the philosophy of value investing, enhanced its investment management capabilities, enriched its equity investment tools, expanded its investment models and investment areas, actively developed its medium- and low-risk investment business, and steadily and diligently managed equity portfolio investment transactions.

### (2) Fixed income

The Company took active actions to serve the real economy and national strategies. Aiming to become a first-class investment bank, it placed “functionality” first, made fixed-income investments closely related to “technology finance, green finance, inclusive finance, pension finance and digital finance”, and comprehensively developed client need-driven innovative businesses, in order to build up its core competitiveness in the field of FICC.

During the Reporting Period, the Company was approved to become a credit default swap tentative quotation institution in the interbank market and a Class B clearing member of Shanghai Clearing House. Together with CGS International, the Company received permission to participate in the northbound trading business of the Bond Connect. It created an integrated financial solution combining “underwriting + market making + quotation + products” for local bonds, achieving the full coverage of local bond market making on SSE. The Company issued the first income certificate linking CFETS Local Government Bond Index, providing high-quality financial products and services. With a unique bond basket product system in place, it ranked among the top in the market in terms of cumulative bond baskets issued, and became the first institution to use the bond basket interface to quote and conclude transactions. It continued to provide high-quality credit derivatives quoting services, promoted the development of centralized clearing of credit default swaps at Shanghai Clearing House, and assisting in the formation of a complete and effective mark-to-market price benchmark for centralized clearing. The Company actively participated in the development of the interest rate derivatives market and concluded one of the first interest rate swap transactions on the settlement date in the international monetary market, thus promoting the internationalization of the onshore RMB interest rate market. It completed the first exchange-traded ABS transaction combining “investment banking + market

# MANAGEMENT DISCUSSION AND ANALYSIS

making + CDS”, improving the strength in the ABS business. It completed the first swap transaction linking selected credit bond index in CFETS carbon emission reduction supporting tool field, and integrated over-the-counter (OTC) derivatives tools to serve the national green development strategy, making a positive attempt to innovate in green finance. The Company released the first Belt and Road-themed RMB bond index in China, as a continuous effort to improve the investment and financing mechanism for Belt and Road construction. It set up an integrated market making business platform of “market + strategy + trading”, establishing an inter-bank strategic and automated bilateral quotation system in the bond market making. Through “investment + market making”, “investment banking + market making”, “investment banking + investment + market making” and other linkage modes, we have helped issue seven bonds, including the first batch of TLAC non-capitalised bonds in China, the first ultra-long special treasury bonds of 2024 issued by the MOF, the first corporate bond of Xiongan Group, and the small and micro enterprise bonds of Everbright Bank, etc.. From the perspective of the primary and secondary markets, we are committed to comprehensively supporting the major national strategies, the Company’s strategies and clients’ financing. The institutional bond investment and advisory business segment led peers in terms of returns on managed accounts, which had significant regional influence.

During the Reporting Period, the Company was honoured with the China Foreign Exchange Trading System’s “Star of Bond Basket Investment”, “Star of Bond Basket Quotation”, “Star of Bond Carry Trade Strategy”, “Star of Bond Carry Curve Strategy”, “Star of I Bean Derivative”, and “Special Award for Innovation of X-Bond”, and the “30-Year Active Local Bonds Co-Quotation Basket” and the “CFETS - Galaxy Securities 0-5 Years Belt and Road Bonds Basket” were both awarded as the “Active Baskets” by the China Foreign Exchange Trading System.

## 6. Other Parent-subsidiary Integration Businesses

### (1) Futures business

According to the statistics of the China Futures Association, during the Reporting Period, the cumulative trading volume in China’s futures market decreased year-on-year by 12.4%, with a year-on-year increase of 7.4% in cumulative turnover. Cumulative trading volume and cumulative turnover of Galaxy Futures increased by 3.6% and 28.6% year-on-year, respectively.

Guided by the strategic development plan, Galaxy Futures adhered to professionalism, compliance, efficiency and synergy, and continued to enhance its professional capabilities to strengthen the foundation of futures and derivatives business development. In terms of business development, Galaxy Futures adhered to the principles of “process administration” and “result management”, and continued to optimise its network distribution. It also promoted the integrated and specialised development of services for institutional clients, advanced digital empowerment of wealth management, strengthened intra-group cooperation, and maximised synergies to achieve stable development of Galaxy Futures.

As a risk management subsidiary of Galaxy Futures, Galaxy Derivatives continued to develop and promote new products and new models in the OTC derivatives business. In collaboration with Galaxy Futures, Galaxy Derivatives expanded its “fixed income plus” products to equity instruments. Galaxy Derivatives upgraded the Yinxiaorui Robot (銀小睿機器人) to realise the mature automatic quotation and automatic order functions, improving response speed and customer experience. In respect of the spot and futures business, it strengthened the development of the factory business and focused resources on the development of advantageous varieties, so as to enhance the penetration and influence of advantageous varieties in the industry. For the market-making business, the continuous improvement of quotation and the narrowing bid-ask spread enhanced the overall market-making performance of Galaxy Derivatives.

### (2) Asset management business

Galaxy Jinhui steadfastly fulfilled its duty of “serving the country with finance”, adhered to the spirit of the new “Nine Guidelines for the Capital Market from the State Council” in the capital market, continuously improved the investment and research system and platform, based on which it made phased progress in building the integrated operation capability centered around investment research, trading, and operational risk control, and



# MANAGEMENT DISCUSSION AND ANALYSIS

achieved good results in assisting scientific and technological innovation, promoting the coordinated regional development, developing inclusive finance, and contributing to rural revitalization, etc. Galaxy Jinhui generally saw solid performance in products, the product spectrum and structure were continuously optimized, and the operational efficiency was steadily improved. The reform of channels advanced rapidly, service experience improved and channel stickiness rose. In the meantime, Galaxy Jinhui conducted standardized operation and prioritized systematic construction to comprehensively build up and enhance its own professional capabilities and accelerate the refinement of internal control management at different levels such as systems, operating procedures, and operation manuals. Effective measures were taken to consolidate the foundation of business development.

During the Reporting Period, the assets under management of Galaxy Jinhui rose 7.6% from the beginning of the year to RMB101.744 billion, of which the size of collective asset management products amounted to RMB55.684 billion, the size of single asset management products amounted to RMB45.303 billion, and the size of special asset management products amounted to RMB757 million. As at the End of the Reporting Period, Galaxy Jinhui had 269 products under management, an increase of 2.3% from the beginning of the year. There were 111 collective products, 154 single products and 4 special products.

### **(3) Alternative investment business**

During the Reporting Period, under the influence of the primary and secondary investment and financing environments, the short-term results of the alternative investment business of Galaxy Yuanhui faced pressure. Adhering to the philosophy of “prioritising risk control and complying with regulations”, Galaxy Yuanhui, which insisted on serving the national strategy of scientific and technological innovation, sought self-reliance and self-improvement via science and technology, supported leading technologically innovative enterprises, and used proprietary funds to assist the growth of micro, small and medium-sized enterprises with high innovation attributes, so as to contribute to the development of science and technology finance. It seriously carried out the new strategic plan of the Group, and continued to strengthen its “synergy” positioning, explore business opportunities from IPOs, M&As and restructuring, and deepen its integrated investment and financing strategy. It continued to seek progress while ensuring stability in asset allocation, balanced returns on capital with efficient use, and continuously explored innovative paths for investment business.

### **(4) Private equity investment management**

Data showed that the Asset Management Association of China registered 12,335 private equity/venture capital fund managers and managed 55,140 private equity investment funds worth RMB14.24 trillion as at the End of the Reporting Period, a decrease of 0.6% from the beginning of the year.

During the Reporting Period, Galaxy Capital, in accordance with the Group’s strategic arrangement of “five in one and three plus one”, focused on the theme of high-quality development, strengthened capacity building, deepened business synergies, pushed forward the establishment of funds in key areas, and fully advanced sub-fund and project pipelines and investments, and firmly held the bottom line of risk compliance, striving to become an industry-leading private equity investment institution with Galaxy’s characteristics. Capitalizing on its strengths, Galaxy Capital fully utilized its synergies, built up its fund-raising capacity, strengthened the foundation for the high-quality development of equity funds, and actively established a multi-level fund business synergy pattern and a diversified fund cooperation ecosystem. It insisted on serving the national strategies, upheld the philosophy of long-term investment, value investment and responsible investment, established a professional and systematic investment capability system, solidified the foundation for the ability to navigate through cycles, and endeavored to create long-term and stable investment results. It concentrated on the investment and operation of the Hainan Free Trade Port Construction Investment Fund, facilitated the formation of a FOF-sub-fund ecosystem, contributed to the high-quality and high-standard construction of Hainan Free Trade Port.

As at the End of the Reporting Period, Galaxy Capital had 22 funds under management, with a total subscription amount of RMB27.724 billion and a total paid-in amount of RMB3.359 billion. During the Reporting Period, it filed two new funds with a total size of RMB2 billion. There were 8 new investment projects/sub-funds, with a total new investment amount of RMB260 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

## III. CHALLENGES AND PROSPECTS FOR THE SECOND HALF OF 2024

In the second half of 2024, the risk of geopolitical turmoil and the uncertainty of the Federal Reserve's interest rate cut will remain and will continue to weigh on global risk appetite. China's macroeconomy will undergo a transition between old and new momentum. There will be increasing pressure on real estate and infrastructure investments, while the recovery of consumption and the improvement of real estate conditions will require further observation. The valuation of the A-share market is currently at the historical lows with sector rotation and differentiation intensifying. Under the influence of factors such as the slow momentum for economic recovery, low inflation and asset shortages in the bond market, the expectation of the further support from the monetary policy remains strong. In the second half of the year, the new "Nine Guidelines for the Capital Market from the State Council" and the CSRC's "1+N" supporting policies are expected to significantly promote the high-quality development of China's capital market. With these, the securities industry will continue to make progress amidst stability and strive to advance. It is expected that the competitive landscape will be optimized, with rising capital strength and profitability plus continuous enhancement of market competitiveness and systems of significance.

The Company will dedicate its efforts on technology finance, green finance, inclusive finance, pension finance, and digital finance by optimising the relevant supporting systems, and promoting the service of national strategies and the real economy to achieve effective and practical results. In our wealth management operations, our primary focus is on serving the people. We will continue to expand and strengthen our customer base while enhancing the professional ability to serve customers. Furthermore, we will consistently develop the buyer's investment and consultancy ecosystem, enhance the effectiveness of the digital transformation of wealth management, aiming to create a Galaxy wealth management brand with market influence. Measures will be carried out in the investment banking business to advance the reform of professionalisation, solidly enhance our professional capabilities, and strengthen the construction of its distinctive business based on our own resource endowment. In our institutional business, we will seize the opportunity of the capital market investment reform to cultivate professional competence in niche areas and continuously enhance its brand influence. Besides, we are committed to building a virtuous circle of institutional business ecosystem by optimising our professional service system based on customer needs through the "Galaxy Skybow" (銀河天弓) institutional client integrated service platform. In terms of international business, we will persist in promoting the integration of domestic and overseas synergies by building an integrated business provider in the international market and strengthening the local business overseas to enhance brand building and cultural integration, so as to contribute to the high-quality development of the "Belt and Road" initiative. For the investment trading business, we will stick to steady operation, strengthen asset allocation and portfolio management, striving to play the role of performance stabiliser for the fixed income investment business to accelerate the development of the customer service business. In risk compliance management, we will coordinate development and safety, continue to strengthen compliance and risk control and implement the requirements of comprehensive risk management. Based on prudent operation, we will continuously optimise risk management policies and improve the risk prevention and control system.

## IV. ANALYSIS OF FINANCIAL STATEMENTS

### (I) Analysis of the Group's Profitability

During the Reporting Period, the Group realised revenue and other income of RMB22.911 billion, representing a year-on-year decrease of 0.42%, of which wealth management business realised revenue and other income of RMB6.220 billion, representing a year-on-year decrease of 5.31%; investment banking business realised revenue and other income of RMB267 million, representing a year-on-year increase of 55.79%; institutional business realised revenue and other income of RMB-697 million, representing a year-on-year decrease of 251.24%; international business realised revenue and other income of RMB2.128 billion, representing a year-on-year increase of 12.13%; investment trading business realised revenue and other income of RMB6.544 billion, representing a year-on-year increase of 17.52%; other integrated parent-subsidiary business realised revenue and other income of RMB8.475 billion, representing a year-on-year decrease of 0.43%.

# MANAGEMENT DISCUSSION AND ANALYSIS

The changes in the major items of revenue and other income were as follows:

Commission and fee income amounted to RMB3.576 billion, representing a decrease of 5.44% year-on-year, mainly due to the year-on-year decrease in commission and handling fee income from securities trading and brokerage business in the first half of 2024.

Interest income amounted to RMB7.122 billion, representing a decrease of 2.43% year-on-year, mainly due to the year-on-year decrease in interest income from debt instruments at fair value through other comprehensive income and interest income from advances to customers in the first half of 2024;

Investment income and gains amounted to RMB4.925 billion, representing an increase of 5.57% year-on-year, mainly due to increased results from the investment trading business in the first half of 2024, which led to the corresponding increase in gains on investments in financial instruments.

Other income amounted to RMB7.289 billion, representing an increase of 0.38% year-on-year, mainly due to the increase in income from the sale of bulk commodities by Galaxy Derivatives in the first half of 2024.

In the first half of 2024, the Group's expenses totalled RMB18.359 billion, representing an increase of 2.89% year-on-year, and the changes in major items were as follows:

Depreciation and amortisation expenses amounted to RMB576 million, representing an increase of 8.39% year-on-year, mainly due to the increase in capital investment including fixed assets and intangible assets in the first half of 2024.

Staff costs amounted to RMB3.578 billion, which basically remained stable year on year.

Commission and fee expenses amounted to RMB532 million, representing an increase of 8.38% year-on-year, mainly due to increase in securities, futures trading and brokerage fees and underwriting and sponsorship fees among others in the first half of 2024.

Interest expenses amounted to RMB5.282 billion, representing an increase of 3.69% year-on-year, mainly due to the increase in interest expenses on accounts payable to clients of the brokerage business in the first half of 2024.

Other operating expenses and costs amounted to RMB8.519 billion, representing an increase of 3.83% year-on-year, mainly due to the increase in the cost of sales of bulk commodities of Galaxy Derivatives in the first half of 2024.

Impairment losses on other assets amounted to RMB52 million, representing an increase of 87.99% year-on-year, mainly due to the increase in the provision for loss on decline in value of inventories in the bulk commodity sales business of Galaxy Derivatives in the first half of 2024.

Reversal of credit impairment losses of RMB181 million, representing an increase of 128.33% in reversal year-on-year, was mainly due to the expected decrease in credit risk of financing business in the first half of 2024, leading to the corresponding reversal of credit impairment losses.

During the Reporting Period, the Group realised net profit attributable to owners of the Company of RMB4.388 billion, representing a year-on-year decrease of 11.16%. The basic earnings per share was RMB0.35, a decrease of 22.22% year-on-year. Weighted average return on net assets was 3.63%, representing a decrease of 1.47 percentage points year-on-year.

## (II) Asset Structure and Quality

During the Reporting Period, the Group continuously maintained its profitability and realised capital preservation and appreciation. As at 30 June 2024, equity attributable to owners of the Company amounted to RMB133.932 billion, representing an increase of RMB3.466 billion or 2.66% as compared with that as at the end of 2023.

As at the End of the Reporting Period, the total assets of the Group amounted to RMB766.309 billion, representing an increase of RMB103.104 billion or 15.55% as compared with that as at the end of 2023, and after deducting accounts payable to brokerage clients and to underwriting clients, the Group's own assets amounted to RMB585.944 billion. Among them, self-owned cash assets (cash, settlement funds and refundable deposits) amounted to RMB41.122 billion, representing a share of 7.02%; financial investments amounted to RMB409.809 billion, representing a share of 69.94%; Loaned funds and financial assets held under resale agreements amounted to RMB105.712 billion, representing a share of 18.04%. The Group's assets were highly liquid with reasonable structure. In addition, according to its accounting policy, the Group made provisions for corresponding impairment of financial instruments and recognised loss reserves based on expected credit losses.

# MANAGEMENT DISCUSSION AND ANALYSIS

As at the End of the Reporting Period, the total liabilities of the Group amounted to RMB632.348 billion, representing an increase of RMB99.638 billion or 18.70% as compared with that as at the end of 2023 and after deducting accounts payable to brokerage clients and to underwriting clients, the Group's own liabilities amounted to RMB451.982 billion. Among them, self-owned current liabilities amounted to RMB376.963 billion, representing a share of 83.40%; self-owned non-current liabilities amounted to RMB75.019 billion, representing a share of 16.60%. Self-owned liabilities were mainly short-term financing payables of RMB12.603 billion, representing a share of 2.79%; financial liabilities held for trading of RMB64.868 billion, representing a share of 14.35%; financial assets sold under repurchase agreements of RMB181.837 billion, representing a share of 40.23%; bond payables, including long-term subordinated bonds, long-term corporate bonds and long-term income certificates, of RMB110.219 billion, representing a share of 24.39%; and other liabilities of RMB50.092 billion, representing a share of 11.08%. The Group did not have debt due and outstanding and had good solvency and liquidity.

The gearing ratio and the Company's operating leverage increased slightly. As at 30 June 2024, the Company's gearing ratio was 77.14%, an increase of 1.17 percentage points compared to that of 75.97% as at the end of 2023. The operating leverage (self-owned assets/net assets) of the Company was 4.37 times, representing an increase of 5.05% as compared with 4.16 times as at the end of 2023. The increase in the leverage ratio was mainly attributable to the increase in the scale of self-owned assets.

### (III) Cash Flows

During the Reporting Period, the net increase in cash and cash equivalents of the Company amounted to RMB-281 million, representing a year-on-year decrease of RMB6.776 billion as compared with RMB6.495 billion for the same period in 2023, which was mainly attributable to the decrease in net cash flows generated from financing activities and operating activities.

During the Reporting Period, the Company's net cash flows from operating activities amounted to RMB10.990 billion, representing a year-on-year decrease of RMB0.780 billion as compared with RMB11.770 billion for the same period in 2023, which was mainly due to decrease in net cash flows from the repurchase business and increase in net cash flows from financial assets and derivative financial assets at fair value through profit or loss.

During the Reporting Period, the Company's net cash flows from investing activities amounted to RMB-2.849 billion, representing a year-on-year increase of RMB4.528 billion as compared with RMB-7.377 billion for the same period in 2023, which was mainly attributable to the increase in net cash flows generated from disposal of debt instruments at fair value through other comprehensive income.

During the Reporting Period, the Company's net cash flow from financing activities amounted to RMB-8.422 billion, representing a year-on-year decrease of RMB10.524 billion as compared with RMB2.102 billion for the same period in 2023, which was mainly attributable to the year-on-year decrease in net cash flows from bonds and debt instruments issued.

## V. ESTABLISHMENT AND DISPOSAL OF SECURITIES BRANCHES AND BRANCH OFFICES

As at the End of the Reporting Period, the Company established 37 branch offices and 465 securities branches.

### (1) Establishment and cancellation of branch offices

During the Reporting Period, the Company cancelled the Shandong Branch located in Yantai City, Shandong Province, which has been relocated to Jinan City, Shandong Province, and on 7 June 2024, the Company obtained the License for Securities and Futures Business Operation for this newly-established Shandong Branch.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (2) Cancellation of securities branches

During the Reporting Period, the Company completed the cancellation of four securities branches, namely Huozhou Xinjian South Road Securities Branch, Shanghai Jingang Road Securities Branch, Guangzhou Binjiang East Road Securities Branch and Shantou Jinsha Road Second Securities Branch.

## (3) Relocation of branch offices and securities branches

The Company has constantly adjusted and optimised the distribution of its branches. During the Reporting Period, the Company relocated a total of 15 branches within the same city, including 2 branch offices and 13 securities branches.

### ① Relocation of branch offices

No.	Province/ autonomous region/municipality	Branch office	Current address
1	Shandong Province	Qingdao Branch	Unit B, 301, Building 33, No. 88, Haikou Road, Laoshan District, Qingdao City, Shandong Province,
2	Ningxia Hui Autonomous Region	Ningxia Branch	No. 901-2, 9th Floor, Dening International Centre, No. 166 Beijing Middle Road, Jinfeng District, Yinchuan City

### ② Relocation of securities branches

No.	Province/ autonomous region/ municipality	Original name of securities branch	Current name of securities branch	Current address
1	Shandong Province	Qingdao Nanjing Road Securities Branch	Qingdao Haikou Road Securities Branch	Unit B, 301, Building 33, No. 88, Haikou Road, Laoshan District, Qingdao City, Shandong Province,
2	Zhejiang Province	Zhoushan Qiandao Road Securities Branch	Zhoushan Gangdao Road Securities Branch	2/F, No. 152-156, Gangdao Road, Qiandao Street, Dinghai District, Zhoushan City, Zhejiang Province
3	Ningxia Hui Autonomous Region	Yinchuan Jiefang West Street Securities Branch	Yinchuan Beijing Middle Road Securities Branch	No. 901-1, 9th Floor, Dening International Centre, No. 166 Beijing Middle Road, Jinfeng District, Yinchuan City
4	Shanghai	Shanghai Pudong New Area Yuanshen Road Securities Branch	Shanghai Pudong New Area Yuanshen Road Securities Branch	Room 102 on 1/F and 20/F, No. 92 Yuanshen Road, China (Shanghai) Pilot Free Trade Zone
5	Zhejiang Province	Yuyao Yangming West Road Securities Branch	Yuyao Yangming East Road Securities Branch	No. 192, No. 194 and No. 196, Yangming East Road, Yuyao City, Zhejiang Province



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<b>No.</b>	<b>Province/ autonomous region/ municipality</b>	<b>Original name of securities branch</b>	<b>Current name of securities branch</b>	<b>Current address</b>
6	Fujian Province	Xiamen Tongan Xiangping Securities Branch	Xiamen Binhai West Avenue Securities Branch	Room 104, No. 6788-1, Binhai West Avenue, Tong'an District, Xiamen
7	Shanxi Province	Datong Liuquan South Street Securities Branch	Datong Wanjin Street Securities Branch	Store 8-10301, Wanjin Street, Nanhuan East Road, Pingcheng District, Datong City, Shanxi Province
8	Shanghai	Shanghai Pudong New Area Jingao Road Securities Branch	Shanghai Pudong New District Qirong Road Securities Branch	No. 50 Yangsi West Road and Unit 02, 16th Floor (this is the nominal floor; the actual floor is the 13th floor), No. 90 Qirong Road, China (Shanghai) Pilot Free Trade Zone
9	Liaoning Province	Yingkou Liaohe Avenue Securities Branch	Yingkou Jinniushan Street Securities Branch	No. 20-A1, Panpan South Road, Zhanqian District, Yingkou City, Liaoning Province
10	Shanxi Province	Yangquan Baojin Road Securities Branch	Yangquan Quanzhong Road Securities Branch	No. 1 and No. 2, Commercial Floor, Block 11, Haomen Furniture Commercial and Residential Building, Quanzhong Road, Hi-Tech Industrial Development Zone, Yangquan, Shanxi
11	Shandong Province	Binzhou Fifth Huanghe Road Securities Branch	Binzhou Fifth Huanghe Road Securities Branch	1/F and 2/F, Shop 101, Block A, Dibao Plaza, No. 345 Fifth Huanghe Road, Binzhou Economic and Technological Development Zone, Binzhou City, Shandong Province
12	Guangdong Province	Foshan Shunde Daliang Securities Branch	Foshan Shunde Daliang Securities Branch	Store No. 5 on 1/F and No. 2 on 4/F, Xindeye Business Centre, Jincheng Garden, No. 11 Dongle Road, Yunlu Community, Daliang Street, Shunde District, Foshan City, Guangdong Province
13	Guangdong Province	Shenzhen Luohu Securities Branch	Shenzhen Luohu Securities Branch	Unit 1501-1506 and 1001, Dongmen Financial Building, No. 2020 Middle Dongmen Road, Chengdong Community, Dongmen Sub-district, Luohu District, Shenzhen

# MANAGEMENT DISCUSSION AND ANALYSIS

## VI. RELEVANT INFORMATION OF BONDS

### (1) Status of Corporate Bonds

1. As of the date of this report, the issued and existing corporate bonds of the Company are detailed as follows:

Name of bond	Short name	Bond code	Date of issuance	Value date	Latest resale date after 31 August 2024	Maturity date	Bond balance (RMB'00 million)	Interest rate (%)	Ways of principal and interest repayment	Trading venues	Lead underwriter	Trustee	Arrangement (if any) to ensure the suitability of investors	Trading mechanism	Is there any risk of termination of listing and trading
2020 Publicly Issued Perpetual Subordinated Bonds (Tranche 1) of China Galaxy Securities Co., Ltd.	20 Galaxy Y1	175196.SH	23/11/2020	24/11/2020	N/A	N/A (Note 1)	50	4.80	The interest shall be paid annually if the issuer does not exercise the right for deferred interest payment	SSE	Guotai Junan Securities Co., Ltd.	Guotai Junan Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2021 Publicly Issued Perpetual Subordinated Bonds (Tranche 1) of China Galaxy Securities Co., Ltd.	21 Galaxy Y1	176979.SH	26/3/2021	29/3/2021	N/A	N/A (Note 2)	50	4.57	The interest shall be paid annually if the issuer does not exercise the right for deferred interest payment	SSE	Guotai Junan Securities Co., Ltd.	Guotai Junan Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2021 Publicly Issued Perpetual Subordinated Bonds (Tranche 2) of China Galaxy Securities Co., Ltd.	21 Galaxy Y2	188024.SH	20/4/2021	21/4/2021	N/A	N/A (Note 3)	50	4.30	The interest shall be paid annually if the issuer does not exercise the right for deferred interest payment	SSE	Guotai Junan Securities Co., Ltd.	Guotai Junan Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2021 Corporate Bonds (Tranche 3) (Type 2) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	21 Galaxy G6	188400.SH	16/7/2021	20/7/2021	N/A	20/7/2026	18	3.45	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	Gusien Securities Co., Ltd., China Securities Co., Ltd., Everbright Securities Company Limited	Gusien Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No

# MANAGEMENT DISCUSSION AND ANALYSIS

Name of bond	Short name	Bond code	Date of issuance	Value date	31 August 2024	Latest resale date after	Bond balance (RMB100 million)	Interest rate (%)	Ways of principal and interest repayment	Trading venues	Lead underwriter	Trustee	Arrangement (if any) to ensure the suitability of investors	Trading mechanism	Is there any risk of termination of listing and trading
Non-publicly issued 2021 Corporate Bonds (Tranche 2) of China Galaxy Securities Co., Ltd.	21 Galaxy F4	197386.SH	14/9/2021	15/9/2021	N/A	N/A	13.05	3.30	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount.	SSE	China Merchants Securities Co., Ltd., Shenwan Hongyuan Securities, China International Capital Corporation Limited	China Merchants Securities Co., Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Click-through, enquiry, bidding and negotiation closings	No
Non-publicly issued 2021 Corporate Bonds (Tranche 3) (Type 2) of China Galaxy Securities Co., Ltd.	21 Galaxy F6	197243.SH	27/9/2021	28/9/2021	N/A	N/A	10	3.40	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount.	SSE	China Merchants Securities Co., Ltd., Shenwan Hongyuan Securities, China International Capital Corporation Limited	China Merchants Securities Co., Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Click-through, enquiry, bidding and negotiation closings	No
Non-publicly issued 2021 Corporate Bonds (Tranche 4) (Type 2) of China Galaxy Securities Co., Ltd.	21 Galaxy F8	197386.SH	19/10/2021	20/10/2021	N/A	N/A	18	3.55	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount.	SSE	China Merchants Securities Co., Ltd., Shenwan Hongyuan Securities, China International Capital Corporation Limited	China Merchants Securities Co., Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Click-through, enquiry, bidding and negotiation closings	No
Non-publicly issued 2021 Corporate Bonds (Tranche 5) (Type 2) of China Galaxy Securities Co., Ltd.	21 Galaxy T0	197664.SH	19/11/2021	22/11/2021	N/A	N/A	36	3.35	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount.	SSE	China Merchants Securities Co., Ltd., Shenwan Hongyuan Securities, China International Capital Corporation Limited	China Merchants Securities Co., Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Click-through, enquiry, bidding and negotiation closings	No

# MANAGEMENT DISCUSSION AND ANALYSIS

Name of bond	Short name	Bond code	Date of issuance	Value date	Latest resale date after 31 August 2024	Bond balance (RMB100 million)	Interest rate (%)	Ways of principal and interest repayment	Trading venues	Lead underwriter	Trustee	Arrangement (if any) to ensure the suitability of investors	Trading mechanism	Is there any risk of termination of listing and trading
Non-publicly issued 2021 Corporate Bonds (Tranche 1) of China Galaxy Securities Co., Ltd.	21 Galaxy 11	197982.SH	17/12/2021	20/12/2021	N/A	39.95	3.20	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Merchants Securities Co., Ltd., Shenwan Hongyuan Securities, China International Capital Corporation Limited	China Merchants Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Click-through, enquiry, bidding and negotiation closings	No
2022 Subordinated Bonds (Tranche 1) (Type 2) of China Galaxy Securities Co., Ltd. Publicly issued to Professional Investors	22 Galaxy C2	185287.SH	17/12/2022	18/1/2022	N/A	30	3.15	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Merchants Securities Co., Ltd., Shenwan Hongyuan Securities, China International Capital Corporation Limited	China Merchants Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2022 Subordinated Bonds (Tranche 2) of China Galaxy Securities Co., Ltd. Publicly issued to Professional Investors	22 Galaxy C3	185587.SH	18/3/2022	21/3/2022	N/A	10.55	3.38	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Merchants Securities Co., Ltd., Shenwan Hongyuan Securities, China International Capital Corporation Limited	China Merchants Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2022 Corporate Bonds (Tranche 1) of China Galaxy Securities Co., Ltd. Publicly issued to Professional Investors	22 Galaxy G1	185727.SH	22/4/2022	26/4/2022	N/A	15	2.95	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	Guoson Securities Co., Ltd., China Everbright Securities Company Limited	Guoson Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No

# MANAGEMENT DISCUSSION AND ANALYSIS

Name of bond	Short name	Bond code	Date of issuance	Value date	Latest resale date after 31 August 2024	Maturity date	Bond balance (RMB'00 million)	Interest rate (%)	Ways of principal and interest repayment	Trading venues	Lead underwriter	Trustee	Arrangement (if any) to ensure the suitability of investors	Trading mechanism	Is there any risk of termination of listing and trading
2022 Corporate Bond (Tranche 1) of China Galaxy Securities Co., Ltd. Non-publicly issued to Professional Investors	22 Galaxy F1	194665.SH	8/6/2022	9/6/2022	N/A	9/6/2025	50	3.06	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount.	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Orient Securities Investment Banking Co., Ltd., Dongxing Securities Corporation Limited	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Click-through, enquiry, bidding and negotiation closings	No
2022 Corporate Bond (Tranche 2) (Type 2) of China Galaxy Securities Co., Ltd. Non-publicly issued to Professional Investors	22 Galaxy F3	162307.SH	25/7/2022	26/7/2022	N/A	26/7/2025	20	2.83	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount.	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Orient Securities Investment Banking Co., Ltd., Dongxing Securities Corporation Limited	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Click-through, enquiry, bidding and negotiation closings	No
2022 Subordinated Bonds (Tranche 3) (Type 2) of China Galaxy Securities Co., Ltd. Publicly issued to Professional Investors	22 Galaxy C5	137625.SH	5/8/2022	8/8/2022	N/A	8/8/2025	33	2.72	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount.	SSE	China Merchants Securities Co., Ltd., Shenwan Hongyuan Securities, China International Capital Corporation Limited	China Merchants Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2022 Corporate Bond (Tranche 2) (Type 2) of China Galaxy Securities Co., Ltd. Publicly issued to Professional Investors	22 Galaxy G3	137650.SH	10/8/2022	11/8/2022	N/A	11/8/2027	50	3.08	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount.	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Orient Securities Investment Banking Co., Ltd., Dongxing Securities Corporation Limited	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No

# MANAGEMENT DISCUSSION AND ANALYSIS

Name of bond	Short name	Bond code	Date of issuance	Value date	Latest resale date after 31 August 2024	Maturity date	Bond balance (RMB100 million)	Interest rate (%)	Ways of principal and interest repayment	Trading venues	Lead underwriter	Trustee	Arrangement (if any) to ensure the suitability of investors	Trading mechanism	Is there any risk of termination of listing and trading
2022 Corporate Bond (Tranche 3) (Type 1) of China Galaxy Securities Co., Ltd. Publicly issued to Professional Investors	22 Galaxy G4	137768.SH	2/9/2022	5/9/2022	N/A	5/9/2025	10	2.54	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Orient Securities Investment Banking Co., Ltd., Dongxing Securities Corporation Limited	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2022 Corporate Bond (Tranche 3) (Type 2) of China Galaxy Securities Co., Ltd. Publicly issued to Professional Investors	22 Galaxy G5	137769.SH	2/9/2022	5/9/2022	N/A	5/9/2027	40	2.95	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Orient Securities Investment Banking Co., Ltd., Dongxing Securities Corporation Limited	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2023 Subordinated Bonds (Tranche 1) (Type 1) of China Galaxy Securities Co., Ltd. Publicly issued to Professional Investors	23 Galaxy C1	138821.SH	12/11/2023	13/11/2023	N/A	13/11/2025	25	3.58	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Merchants Securities Co., Ltd., Shenwan Hongyuan Securities, China International Capital Corporation Limited	China Merchants Securities Co., Shenwan Hongyuan Securities, China International Capital Corporation Limited	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2023 Corporate Bond (Tranche 1) (Type 1) of China Galaxy Securities Co., Ltd. Non-publicly issued to Professional Investors	23 Galaxy F1	114951.SH	16/2/2023	17/2/2023	N/A	17/2/2025	10	3.09	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Orient Securities Investment Banking Co., Ltd., Dongxing Securities Corporation Limited	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Click-through, enquiry, bidding and negotiation closings	No

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Name of bond	Short name	Bond code	Date of issuance	Value date	Latest resale date after 31 August 2024	Maturity date	Bond balance (RMB100 million)	Interest rate (%)	Ways of principal and interest repayment	Trading venues	Lead underwriter	Trustee	Arrangement (if any) to ensure the suitability of investors	Trading mechanism	Is there any risk of termination of listing and trading
2023 Corporate Bond (Tranche 1) (Type 2) of China Galaxy Securities Co., Ltd. Non-publicly issued to Professional Investors	23 Galaxy F2	114952.SH	16/2/2023	17/2/2023	N/A	17/2/2026	30	3.28	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount.	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Orient Securities Investment Banking Co., Ltd., Dongxing Securities Corporation Limited	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Click-through, enquiry, bidding and negotiation closings	No
2023 Corporate Bond (Tranche 2) (Type 1) of China Galaxy Securities Co., Ltd. Non-publicly issued to Professional Investors	23 Galaxy F3	250214.SH	8/2/2023	9/3/2023	N/A	9/2/2025	10	3.25	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount.	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Orient Securities Investment Banking Co., Ltd., Dongxing Securities Corporation Limited	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Click-through, enquiry, bidding and negotiation closings	No
2023 Corporate Bond (Tranche 2) (Type 2) of China Galaxy Securities Co., Ltd. Non-publicly issued to Professional Investors	23 Galaxy F4	250215.SH	8/2/2023	9/3/2023	N/A	9/2/2026	32	3.35	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount.	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Orient Securities Investment Banking Co., Ltd., Dongxing Securities Corporation Limited	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Click-through, enquiry, bidding and negotiation closings	No
2023 Subordinated Bonds (Tranche 2) (Type 1) of China Galaxy Securities Co., Ltd. Publicly issued to Professional Investors	23 Galaxy C3	115240.SH	14/4/2023	17/4/2023	N/A	17/4/2025	10	3.09	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount.	SSE	China Merchants Securities Co., Ltd., Shenwan Hongyuan Securities, China International Capital Corporation Limited	China Merchants Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No

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Name of bond	Short name	Bond code	Date of issuance	Value date	Latest resale date after 3 <sup>rd</sup> August 2024	Maturity date	Bond balance (RMB100 million)	Interest rate (%)	Ways of principal and interest repayment	Trading venues	Lead underwriter	Trustee	Arrangement (if any) to ensure the suitability of investors	Trading mechanism	Is there any risk of termination of listing and trading
2023 Subordinated Bonds (Tranche 2) (Type 2) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	23 Galaxy C4	115241.SH	14/4/2023	17/4/2023	N/A	17/4/2026	40	3.34	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Merchants Securities Co., Ltd., Shenwan Hongyuan Securities, China International Capital Corporation Limited	China Merchants Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2023 Perpetual Subordinated Bonds (Tranche 1) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	23 Galaxy Y1	115343.SH	17/5/2023	18/5/2023	N/A	N/A (Note 4)	50	3.63	The interest shall be paid annually if the issuer does not exercise the right for deferred interest payment	SSE	China Securities Co., Ltd., China International Capital Corporation Limited, Shenwan Hongyuan Securities, GF Securities Co., Ltd., Everbright Securities Company Limited, Industrial Securities Co., Ltd.	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2023 Perpetual Subordinated Bonds (Tranche 2) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	23 Galaxy Y2	115461.SH	8/6/2023	9/6/2023	N/A	N/A (Note 5)	50	3.58	The interest shall be paid annually if the issuer does not exercise the right for deferred interest payment	SSE	China Securities Co., Ltd., China International Capital Corporation Limited, Shenwan Hongyuan Securities, GF Securities Co., Ltd., Everbright Securities Company Limited, Industrial Securities Co., Ltd.	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No



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Name of bond	Short name	Bond code	Date of issuance	Value date	Latest resale date after 31 August 2024	Maturity date	Bond balance (RMB100 million)	Interest rate (%)	Ways of principal and interest repayment	Trading venues	Lead underwriter	Trustee	Arrangement (if any) to ensure the suitability of investors	Trading mechanism	Is there any risk of termination of listing and trading
2023 Corporate Bond (Tranche 1) (Type 1) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	23 Galaxy G1	115642.SH	14/7/2023	17/7/2023	N/A	2026/7/17	30	2.74	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount.	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Orient Securities Investment Banking Co., Ltd., Dongxing Securities Corporation Limited	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2023 Corporate Bond (Tranche 1) (Type 2) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	23 Galaxy G2	115643.SH	14/7/2023	17/7/2023	N/A	17/7/2028	20	3.08	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount.	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Orient Securities Investment Banking Co., Ltd., Dongxing Securities Corporation Limited	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2023 Corporate Bond (Tranche 2) (Type 1) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	23 Galaxy G3	115817.SH	17/8/2023	18/8/2023	N/A	18/8/2026	20	2.66	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount.	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Orient Securities Investment Banking Co., Ltd., Dongxing Securities Corporation Limited	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2023 Corporate Bond (Tranche 2) (Type 2) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	23 Galaxy G4	115818.SH	17/8/2023	18/8/2023	N/A	18/8/2028	30	2.98	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount.	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Orient Securities Investment Banking Co., Ltd., Dongxing Securities Corporation Limited	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No

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Name of bond	Short name	Bond code	Date of issuance	Value date	Latest resale date after 3 <sup>rd</sup> August 2024	Maturity date	Bond balance (RMB100 million)	Interest rate (%)	Ways of principal and interest repayment	Trading venues	Lead underwriter	Trustee	Arrangement (if any) to ensure the suitability of investors	Trading mechanism	Is there any risk of termination of listing and trading
2023 Corporate Bond (Tranche 3) (Type 1) of China Galaxy Securities Co., Ltd. Publicly issued to Professional Investors	23 Galaxy G5	115967.SH	13/9/2023	14/9/2023	N/A	14/9/2026	30	2.95	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Orient Securities Investment Banking Co., Ltd., Dongxing Securities Corporation Limited	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2023 Corporate Bond (Tranche 3) (Type 2) of China Galaxy Securities Co., Ltd. Publicly issued to Professional Investors	23 Galaxy G6	115968.SH	13/9/2023	14/9/2023	N/A	14/9/2028	10	3.20	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Orient Securities Investment Banking Co., Ltd., Dongxing Securities Corporation Limited	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2023 Corporate Bond (Tranche 3) (Type 3) of China Galaxy Securities Co., Ltd. Publicly issued to Professional Investors	23 Galaxy G7	115969.SH	13/9/2023	14/9/2023	N/A	14/9/2033	10	3.33	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Orient Securities Investment Banking Co., Ltd., Dongxing Securities Corporation Limited	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2023 Corporate Bond (Tranche 3) (Type 2) of China Galaxy Securities Co., Ltd. Non-publicly issued to Professional Investors	23 Galaxy F6	252729.SH	17/10/2023	18/10/2023	N/A	18/10/2026	45	3.08	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Securities Co., Ltd., Dongxing Securities Corporation Limited, Orient Securities Investment Banking Co., Ltd.	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Click-through, enquiry, bidding and negotiation closings	No

# MANAGEMENT DISCUSSION AND ANALYSIS

Name of bond	Short name	Bond code	Date of issuance	Value date	Latest resale date after 31 August 2024	Maturity date	Bond balance (RMB'00 million)	Interest rate (%)	Ways of principal and interest repayment	Trading venues	Lead underwriter	Trustee	Arrangement (if any) to ensure the suitability of investors	Trading mechanism	Is there any risk of termination of listing and trading
2023 Capital Subordinated Bonds (Tranche 3) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	23 Galaxy Y3	240273.SH	16/11/2023	17/11/2023	N/A	N/A (Note 6)	50	3.43	The interest shall be paid annually if the issuer does not exercise the right for deferred interest payment	SSE	China Securities Co., Ltd., China International Capital Corporation Limited, Shenwan Hongyuan Securities, Everbright Securities Company Limited, Industrial Securities Co., Ltd.	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2023 Corporate Bond (Tranche 4) (Type 1) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	23 Galaxy G6	240370.SH	13/12/2023	14/12/2023	N/A	14/12/2026	20	2.98	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Orient Securities Investment Banking Co., Ltd., Dongying Securities Corporation Limited	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2023 Corporate Bond (Tranche 4) (Type 2) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	23 Galaxy G9	240371.SH	13/12/2023	14/12/2023	N/A	14/12/2028	30	3.14	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Orient Securities Investment Banking Co., Ltd., Dongying Securities Corporation Limited	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2024 Corporate Bond (Tranche 1) of China Galaxy Securities Co., Ltd. Non-publicly Issued to Professional Investors	24 Galaxy F1	253608.SH	18/1/2024	18/1/2024	N/A	18/1/2027	50	2.84	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Securities Co., Ltd., Dongying Securities Corporation Limited, Orient Securities Investment Banking Co., Ltd.	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Click-through, enquiry, bidding and negotiation closings	No

# MANAGEMENT DISCUSSION AND ANALYSIS

Name of bond	Short name	Bond code	Date of issuance	Value date	Latest resale date after 3 <sup>rd</sup> August 2024	Maturity date	Bond balance (RMB'100 million)	Interest rate (%)	Ways of principal and interest repayment	Trading venues	Lead underwriter	Trustee	Arrangement (if any) to ensure the suitability of investors	Trading mechanism	Is there any risk of termination of listing and trading
2024 Corporate Bond (Tranche 2) of China Galaxy Securities Co., Ltd. Non-publicly issued to Professional Investors	24 Galaxy F2	253609.SH	29/1/2024	29/1/2024	N/A	29/1/2026	10	2.75	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Securities Co., Ltd., Dongying Securities Corporation Limited, Orient Securities Investment Banking Co., Ltd.	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Click-through, enquiry, bidding and negotiation closings	No
2024 Subordinated Bonds (Tranche 1) (Type 1) of China Galaxy Securities Co., Ltd. Publicly issued to Professional Investors	24 Galaxy C1	240661.SH	8/3/2024	11/3/2024	N/A	11/3/2027	20	2.60	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Everbright Securities Company Limited, Dongying Securities Corporation Limited, Central China Securities Co., Ltd., Wanjian Securities Co., Ltd.	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2024 Subordinated Bonds (Tranche 1) (Type 2) of China Galaxy Securities Co., Ltd. Publicly issued to Professional Investors	24 Galaxy C2	240662.SH	8/3/2024	11/3/2024	N/A	11/3/2029	40	2.75	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Everbright Securities Company Limited, Dongying Securities Corporation Limited, Central China Securities Co., Ltd., Wanjian Securities Co., Ltd.	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No

# MANAGEMENT DISCUSSION AND ANALYSIS

Name of bond	Short name	Bond code	Date of issuance	Value date	Latest resale date after 31 August 2024	Maturity date	Bond balance (RMB'00 million)	Interest rate (%)	Ways of principal and interest repayment	Trading venues	Lead underwriter	Trustee	Arrangement (if any) to ensure the suitability of investors	Trading mechanism	Is there any risk of termination of listing and trading
2024 Subordinated Bonds (Tranche 2) (Type 1) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	24 Galaxy C3	241033.SH	24/5/2024	27/5/2024	N/A	27/5/2027	25	2.35	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Everbright Securities Company Limited, Dongying Securities Corporation Limited	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation coasings	No
2024 Subordinated Bonds (Tranche 2) (Type 2) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	24 Galaxy C4	241034.SH	24/5/2024	27/5/2024	N/A	27/5/2029	25	2.45	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Everbright Securities Company Limited, Dongying Securities Corporation Limited	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation coasings	No
2024 Corporate Bond (Tranche 3) (Type 1) of China Galaxy Securities Co., Ltd. Non-publicly Issued to Professional Investors	24 Galaxy F3	255344.SH	19/7/2024	22/7/2024	N/A	22/7/2027	15	2.13	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Nanjing Securities Co., Ltd.	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Click-through, enquiry, bidding and negotiation coasings	No
2024 Corporate Bond (Tranche 3) (Type 2) of China Galaxy Securities Co., Ltd. Non-publicly Issued to Professional Investors	24 Galaxy F4	255345.SH	19/7/2024	22/7/2024	N/A	22/7/2029	35	2.25	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Nanjing Securities Co., Ltd.	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Click-through, enquiry, bidding and negotiation coasings	No

# MANAGEMENT DISCUSSION AND ANALYSIS

Name of bond	Short name	Bond code	Date of issuance	Value date	Latest resale date after 31 August 2024	Bond balance (RMB'00 million)	Interest rate (%)	Ways of principal and interest repayment	Trading venues	Lead underwriter	Trustee	Arrangement (if any) to ensure the suitability of investors	Trading mechanism	Is there any risk of termination of listing and trading
2024 Subordinated Bonds (Tranche 3) (Type 1) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	24 Galaxy C5	241492.SH	21/8/2024	22/8/2024	N/A	12	2.10%	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount.	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Everbright Securities Company Limited, Dongjing Securities Corporation Limited, Wanhua Securities Co., Ltd.	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No
2024 Subordinated Bonds (Tranche 3) (Type 2) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	24 Galaxy C6	241493.SH	21/8/2024	22/8/2024	N/A	14	2.22%	The interest shall be calculated annually at a simple rate other than a compound rate. The interest shall be paid annually and the principal amount shall be repaid in full at the maturity date. The interest shall be paid together with the principal amount.	SSE	China Securities Co., Ltd., Guosen Securities Co., Ltd., Everbright Securities Company Limited, Dongjing Securities Corporation Limited, Wanhua Securities Co., Ltd.	China Securities Co., Ltd.	Bonds issued and traded for professional institutional investors	Matching, click-through, enquiry, bidding and negotiation closings	No

Note 1: On 24 November 2020, the Company publicly issued 2020 perpetual subordinated bonds (tranche 1) of RMB5.0 billion, with an interest rate of 4.80%, which will remain unchanged for the first five interest-bearing years of the duration of the bonds. If the Company does not exercise its redemption right, the coupon rate shall be reset every five years commencing from the sixth interest-bearing year.

Note 2: On 29 March 2021, the Company publicly issued 2021 perpetual subordinated bonds (tranche 1) of RMB5.0 billion, with an interest rate of 4.57%, which will remain unchanged for the first five interest-bearing years of the duration of the bonds. If the Company does not exercise its redemption right, the coupon rate shall be reset every five years commencing from the sixth interest-bearing year.

Note 3: On 21 April 2021, the Company publicly issued 2021 perpetual subordinated bonds (tranche 2) of RMB5.0 billion, with an interest rate of 4.30%, which will remain unchanged for the first five interest-bearing years of the duration of the bonds. If the Company does not exercise its redemption right, the coupon rate shall be reset every five years commencing from the sixth interest-bearing year.

Note 4: On 18 May 2023, the Company publicly issued 2023 perpetual subordinated bonds (tranche 1) of RMB5.0 billion to professional investors, with an interest rate of 3.63%, which will remain unchanged for the first five interest-bearing years of the duration of the bonds. If the Company does not exercise its redemption right, the coupon rate shall be reset every five years commencing from the sixth interest-bearing year.

Note 5: On 9 June 2023, the Company publicly issued 2023 perpetual subordinated bonds (tranche 2) of RMB5.0 billion to professional investors, with an interest rate of 3.58%, which will remain unchanged for the first five interest-bearing years of the duration of the bonds. If the Company does not exercise its redemption right, the coupon rate shall be reset every five years commencing from the sixth interest-bearing year.

Note 6: On 17 November 2023, the Company publicly issued 2023 perpetual subordinated bonds (tranche 3) of RMB5.0 billion to professional investors, with an interest rate of 3.43%, which will remain unchanged for the first five interest-bearing years of the duration of the bonds. If the Company does not exercise its redemption right, the coupon rate shall be reset every five years commencing from the sixth interest-bearing year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 2. Use of Proceeds during the Reporting Period

### (1) Basic information

Unit: 100 million yuan Currency: RMB

Bond code	Bond short name	Name of bond	Whether it is a special bond	Total amount of proceeds	Balance of proceeds as at the End of the Reporting Period	Balance of special account of proceeds as at the End of the Reporting Period
253608.SH	24 Galaxy F1	2024 Corporate Bond (Tranche 1) of China Galaxy Securities Co., Ltd. Non-publicly Issued to Professional Investors	No	50	–	Note 1
253609.SH	24 Galaxy F2	2024 Corporate Bond (Tranche 2) of China Galaxy Securities Co., Ltd. Non-publicly Issued to Professional Investors	No	10	–	–
240681.SH	24 Galaxy C1	2024 Subordinated Bonds (Tranche 1) (Type 1) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	No	20	–	Note 2
240682.SH	24 Galaxy C2	2024 Subordinated Bonds (Tranche 1) (Type 2) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	No	40	–	Note 2
241033.SH	24 Galaxy C3	2024 Subordinated Bonds (Tranche 2) (Type 1) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	No	25	–	Note 3
241034.SH	24 Galaxy C4	2024 Subordinated Bonds (Tranche 2) (Type 2) of China Galaxy Securities Co., Ltd. Publicly Issued to Professional Investors	No	25	–	Note 3

Note 1: As at the End of the Reporting Period, balance of special account of proceeds of 24 Galaxy F1 was RMB184,887.44.

Note 2: As at the End of the Reporting Period, balance of special account of proceeds of 24 Galaxy C1 and 24 Galaxy C2 was RMB120,792.88.

Note 3: As at the End of the Reporting Period, balance of special account of proceeds of 24 Galaxy C3 and 24 Galaxy C4 was RMB77,777.78.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (2) Intended use of proceeds and whether it is subject to change

Bond code	Bond short name	Intended use of proceeds	Whether to change the use of proceeds
253608.SH	24 Galaxy F1	The proceeds of the bonds, up to and including RMB5 billion, are intended for replenishing the Company's working capital in full.	No
253609.SH	24 Galaxy F2	The proceeds of the bonds, up to and including RMB5 billion, are intended for replenishing the Company's working capital in full.	No
240681.SH	24 Galaxy C1	Among the proceeds of the bond (24 Galaxy C1 and 24 Galaxy C2), up to and including RMB5 billion is intended for repaying corporate bonds at maturity and up to and including RMB1 billion is intended for replenishing the Company's working capital. A breakdown of the proposed repayment of corporate bonds at maturity is shown below:	No
240682.SH	24 Galaxy C2		No

Unit: 100 million yuan Currency: RMB

Proposed repayment of bonds at maturity	Issue amount	Repayment amount	Maturity date
22 Galaxy C1	10	10	18/1/2024
21 Galaxy G2	32	32	21/1/2024
21 Galaxy G4	25	8	4/2/2024
<b>Total</b>	<b>67</b>	<b>50</b>	

Note: 22 Galaxy C1, 21 Galaxy G2 and 21 Galaxy G4 are replacement principal.

241033.SH	24 Galaxy C3	The proceeds of the bonds (24 Galaxy C3 and 24 Galaxy C4), up to and including RMB5 billion, are intended for replenishing the Company's working capital in full.	No
241034.SH	24 Galaxy C4		No



# MANAGEMENT DISCUSSION AND ANALYSIS

## (3) Actual use of proceeds

Unit: 100 million yuan Currency: RMB

Bond code	Bond short name	Actual amount of proceeds utilised during the Reporting Period	Amount of liquidity replenishment	Liquidity replenishment	Amount of corporate bond repayment	Repayment of corporate bonds																				
253608.SH	24 Galaxy F1	50	50	The proceeds of the bonds of RMB5 billion will be used to replenish the Company's working capital in full.	-	N/A																				
253609.SH	24 Galaxy F2	10	10	The proceeds of the bonds of RMB1 billion will be used to replenish the Company's working capital in full.	-	N/A																				
240681.SH 240682.SH	24 Galaxy C1 24 Galaxy C2	60	10	The proceeds of the bonds (24 Galaxy C1 and 24 Galaxy C2) of RMB1 billion will be used to replenish the Company's working capital in full.	50	The proceeds of the bonds of RMB5 billion will be used to repay corporate bonds at maturity, a breakdown of which is shown below: Unit: 100 million yuan Currency: RMB																				
<table border="1"> <thead> <tr> <th>Proposed repayment of bonds at maturity</th> <th>Issue amount</th> <th>Repayment amount</th> <th>Maturity date</th> </tr> </thead> <tbody> <tr> <td>22 Galaxy C1</td> <td>10</td> <td>10</td> <td>18/1/2024</td> </tr> <tr> <td>21 Galaxy G2</td> <td>32</td> <td>32</td> <td>21/1/2024</td> </tr> <tr> <td>21 Galaxy G4</td> <td>25</td> <td>8</td> <td>4/2/2024</td> </tr> <tr> <td><b>Total</b></td> <td><b>67</b></td> <td><b>50</b></td> <td></td> </tr> </tbody> </table>							Proposed repayment of bonds at maturity	Issue amount	Repayment amount	Maturity date	22 Galaxy C1	10	10	18/1/2024	21 Galaxy G2	32	32	21/1/2024	21 Galaxy G4	25	8	4/2/2024	<b>Total</b>	<b>67</b>	<b>50</b>	
Proposed repayment of bonds at maturity	Issue amount	Repayment amount	Maturity date																							
22 Galaxy C1	10	10	18/1/2024																							
21 Galaxy G2	32	32	21/1/2024																							
21 Galaxy G4	25	8	4/2/2024																							
<b>Total</b>	<b>67</b>	<b>50</b>																								
241033.SH 241034.SH	24 Galaxy C3 24 Galaxy C4	50	50	The proceeds of the bonds (24 Galaxy C3 and 24 Galaxy C4) of RMB5 billion will be used to replenish the Company's working capital in full.	-	N/A																				

## (4) Use of proceeds for specific projects

None of the proceeds from 24 Galaxy F1, 24 Galaxy F2, 24 Galaxy C1, 24 Galaxy C2, 24 Galaxy C3 and 24 Galaxy C4 were involved in the use of proceeds for fixed asset investment projects or other specific projects such as equity investment, debt investment or asset acquisition.

## (5) Temporary liquidity replenishment

None of the proceeds from 24 Galaxy F1, 24 Galaxy F2, 24 Galaxy C1, 24 Galaxy C2, 24 Galaxy C3 and 24 Galaxy C4 were involved in temporary liquidity replenishment.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (6) Compliance of proceeds

Bond code	Bond short name	Actual use of proceeds as at the End of the Reporting Period	Whether the actual use is consistent with the intended use	Compliance with the management and use of proceeds accounts during the Reporting Period
253608.SH	24 Galaxy F1	The proceeds of the bonds of RMB5 billion will be used to replenish the Company's working capital in full.	Yes	Yes
253609.SH	24 Galaxy F2	The proceeds of the bonds of RMB1 billion will be used to replenish the Company's working capital in full.	Yes	Yes
240681.SH 240682.SH	24 Galaxy C1 24 Galaxy C2	Of the proceeds from the bonds (24 Galaxy C1 and 24 Galaxy C2), RMB5 billion will be used to repay matured corporate bonds and RMB1 billion will be used to replenish the Company's working capital. A breakdown of the repayment of corporate bonds at maturity is shown below:	Yes	Yes

Unit: 100 million yuan Currency: RMB

Proposed repayment of bonds at maturity	Issue amount	Repayment amount	Maturity date
22 Galaxy C1	10	10	18/1/2024
21 Galaxy G2	32	32	21/1/2024
21 Galaxy G4	25	8	4/2/2024
<b>Total</b>	<b>67</b>	<b>50</b>	

Note: 22 Galaxy C1, 21 Galaxy G2 and 21 Galaxy G4 are replacement principal.

241033.SH	24 Galaxy C3	The proceeds of the bonds (24 Galaxy C3 and 24 Galaxy C4) of	Yes	Yes
241034.SH	24 Galaxy C4	RMB5 billion will be used to replenish the Company's working capital in full.		

# MANAGEMENT DISCUSSION AND ANALYSIS

## (2) As of the date of this report, the issued short-term commercial papers of the Company in the interbank market are detailed as follows:

The Company has not issued any non-financial corporate debt financing instruments. From the beginning of 2024 and up to the date of this report, the issued and existing short-term commercial papers of the Company in the interbank market are detailed as follows:

Name of bond	Bond short name	Issue amount (RMB100 million)	Date of completion of issuance	Maturity date	Term	Coupon rate
2024 First Tranche of Short-term Commercial Paper of China Galaxy Securities Co., Ltd.	24 Galaxy Securities CP001	20	25/3/2024	25/6/2024	92 days	2.13%
2024 Second Tranche of Short-term Commercial Paper of China Galaxy Securities Co., Ltd.	24 Galaxy Securities CP002	20	15/4/2024	16/7/2024	92 days	2.01%
2024 Third Tranche of Short-term Commercial Paper of China Galaxy Securities Co., Ltd.	24 Galaxy Securities CP003	20	21/5/2024	20/9/2024	122 days	1.91%
2024 Fourth Tranche of Short-term Commercial Paper of China Galaxy Securities Co., Ltd.	24 Galaxy Securities CP004	30	17/6/2024	17/10/2024	122 days	1.91%
2024 Fifth Tranche of Short-term Commercial Paper of China Galaxy Securities Co., Ltd.	24 Galaxy Securities CP005	20	21/6/2024	24/9/2024	95 days	1.88%
2024 Sixth Tranche of Short-term Commercial Paper of China Galaxy Securities Co., Ltd.	24 Galaxy Securities CP006	20	12/7/2024	11/10/2024	91 days	1.86%

## VII. EXTERNAL GUARANTEE, MORTGAGE, PLEDGE AND MATERIAL CONTINGENT LIABILITIES OF THE COMPANY

The external guarantees of the Company during the Reporting Period and up to the End of the Reporting Period are as follows:

1. In August 2016 and August 2017, the Company provided a net capital guarantee of RMB1 billion and RMB2 billion for Galaxy Jinhui, a subsidiary of the Company, to meet the needs of its business development.
2. On 22 June 2017, the “Resolution on the Increase of Net Capital Guarantee to Galaxy Jinhui” was considered and approved at the 2016 general meeting of the Company, pursuant to which it was agreed that the Company would provide a net capital guarantee for Galaxy Jinhui of RMB3 billion to meet the needs of its business development. As at the End of the Reporting Period, the guarantee had not been fulfilled.
3. On 30 August 2021, the “Resolution on the Increase in the Shareholdings in CGS-CIMB to Increase the Amount of Guarantees and Quasi-Guarantees by Galaxy International Holdings” was considered and approved at the second (regular) meeting of the fourth session of the Board of the Company. In accordance with the needs of business development, it was agreed that the maximum amount of guarantee and quasi-guarantee authorisation provided to CGS International would be increased from RMB3.5 billion to RMB7.0 billion in phases. As at the End of the Reporting Period, CGI had provided guarantees and Quasi-guarantees to CGS International with a maximum aggregate amount of RMB7.0 billion. As at the End of the Reporting Period, the guarantees provided by CGI to its subsidiaries amounted to RMB4.603 billion in aggregate.

During the Reporting Period, there was no off-balance sheet item or contingent liability which may have a material impact on the financial condition and operating results of the Company, such as material mortgage and pledge.

## VIII. ANALYSIS ON MAJOR CONTROLLED COMPANIES AND INVESTEEES

1. Galaxy Futures has a registered capital of RMB4.5 billion, in which the Company holds an equity interest of 100%. It mainly provides commodity futures brokerage, financial futures brokerage, futures investment advisory, asset management and sales of funds. According to the financial statements prepared in accordance with the China Accounting Standards for Business Enterprises, as at 30 June 2024, the total assets and net assets of Galaxy Futures were RMB83.722 billion and RMB6.834 billion, respectively. In the first half of 2024, it achieved operating revenue and net profit of RMB8.058 billion and RMB262 million, respectively.
2. Galaxy Capital has a registered capital of RMB1.5 billion, in which the Company holds an equity interest of 100%. It is primarily engaged in asset management, project investment and investment management. According to the financial statements prepared in accordance with the China Accounting Standards for Business Enterprises, as at 30 June 2024, the total assets and net assets of Galaxy Capital were RMB1.774 billion and RMB1.653 billion, respectively. In the first half of 2024, it achieved an operating revenue and a net profit of RMB-30 million and RMB-12 million, respectively.
3. CGI has a registered capital of HK\$8.6 billion, in which the Company holds 100% equity interest. It is primarily engaged in the provision of securities and futures brokerage, research and analysis, investment banking, margin financing and securities lending, asset management, wealth management, foreign exchange trading and derivatives, proprietary trading, etc. in regions and countries such as Hong Kong, Singapore, Malaysia, Indonesia, Thailand, South Korea, the United Kingdom, the United States and Mauritius through a number of wholly-owned subsidiaries. According to the financial statements prepared in accordance with the China Accounting Standards for Business Enterprises, as at 30 June 2024, the total assets and net assets of CGI were RMB39.162 billion and RMB8.215 billion, respectively. In the first half of 2024, it achieved an operating revenue and a net profit of RMB1.050 billion and RMB157 million, respectively.
4. Galaxy Jinhui has a registered capital of RMB1.0 billion, in which the Company holds an equity interest of 100%. Its primary business is securities asset management. According to the financial statements prepared in accordance with the China Accounting Standards for Business Enterprises, as at 30 June 2024, the total assets and net assets of Galaxy Jinhui were RMB1.796 billion and RMB1.419 billion, respectively. In the first half of 2024, it achieved an operating revenue and a net profit of RMB238 million and RMB27 million, respectively.
5. Galaxy Yuanhui has a registered capital of RMB5.0 billion with the paid-in capital of RMB4.0 billion, in which the Company holds an equity interest of 100%. It primarily makes proprietary investment (including equity investment or debt investment) in enterprises, or invests in other investment funds related to equity investment and debt investment. According to the financial statements prepared in accordance with the China Accounting Standards for Business Enterprises, as at 30 June 2024, the total assets and net assets of Galaxy Yuanhui were RMB4.459 billion and RMB4.258 billion, respectively. In the first half of 2024, it achieved an operating revenue and a net profit of RMB-103 million and RMB-84 million, respectively.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **IX. STRUCTURED ENTITIES CONTROLLED BY THE COMPANY**

As at End of the Reporting Period, the Group consolidated 112 structured entities, including asset management schemes, partnerships and funds. When determining whether a structured entity should be consolidated, the Group needs to assess a combination of factors according to the terms of the related contracts, including its power over the structured entity, all variable returns obtained including investment income and management fee income, the circumstances under which the managers of the relevant structured entity can be removed, The Group, after taking into account the above factors, identifies the right of control over certain structured entities and incorporates them into the scope of consolidation. As at the End of the Reporting Period, the above-mentioned structured entities incorporated into the scope of the consolidation recorded equity attributable to the Group of RMB38.630 billion.

## **X. MAJOR FINANCING CHANNELS, MEASURES ADOPTED FOR MAINTAINING LIQUIDITY LEVEL AND RELEVANT MANAGEMENT POLICIES, FINANCING CAPABILITY AND THEIR EFFECTS ON THE FINANCIAL POSITION**

The Company maintains a long-term and prudent financial policy, focuses on management of asset liquidity and maintains smooth financing channels. During the Reporting Period, the Company raised short-term funding primarily by means of interbank lending, repurchases and short-term commercial papers. Meanwhile, the Company may also borrow long-term capital through issuance of corporate bonds, subordinated bonds and other ways approved by the competent authorities according to market environment and its own needs. At present, the Company has obtained consolidated credit line from several commercial banks and may employ the foregoing financing instruments in a comprehensive manner for raising funds according to its own business needs. As at the End of the Reporting Period, the line of credit granted to the Company amounted to over RMB500.0 billion.

## **XI. NUMBER OF EMPLOYEES, REMUNERATION AND TRAINING PLAN**

As at the End of the Reporting Period, the Group had 14,349 employees (including sales account managers), of which 10,747 were employees of the Company (including sales account managers).

The remuneration of employees of the Company comprises basic remuneration, allowances, performance-based bonus and welfare benefits. The Company's basic remuneration is a relatively fixed part in the composition of remuneration. The allowances include allowances for management positions and for professional and technical personnel, which are supplemental to the basic remuneration. The performance-based bonus will be distributed based on the performance achieved and the results of performance assessment. The Company has provided social insurance, housing provident fund and other statutory benefits to its employees according to the relevant requirements of the PRC. Meanwhile, the Company has also provided supplementary welfare, such as annuity fund and supplementary medical insurance, to its employees.

In terms of staff training, the Company has conducted "hierarchical, multi-sectoral and thematic" centralised training and online training, organizing and implementing a total of 31 online and offline training sessions, 174 online training courses in Galaxy Academy and 104 livestreaming training sessions, with a cumulative total of approximately 175,000 trainees. Trainees include party leaders, business cadres, new employees, etc. Some of the online courses have achieved full coverage of all party members and all employees. The training content is based on in-depth study and implementation of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as the main theme, focusing on the theoretical education and the performance ability. It emphasises knowledge impartation and comprehensively improves the quality and ability of cadres and staff.

## XII. RISK MANAGEMENT

During the Reporting Period, the Company carried out risk management work with two major objectives in mind, namely, to continue to enhance its risk management capability and to practically prevent and control major risks. The Company continued to build and improve its risk management system to meet external regulatory requirements, internal business development and risk management needs. By formulating the Group's unified credit-granting, risk alert and control mechanism for the major risks, the Company further optimised the risk prevention and control mechanism in the areas of model risk management, unified customer and business management and stress testing. Closely monitoring the market to strengthen risk monitoring and analysis, it strengthened forward-looking research and judgment, and evaluated and reviewed the risk appetite by combining different means like scenario analysis and stress tests. It optimised and adjusted risk limits at different levels in a dynamic manner to reduce marginal incremental risks while safeguarding its business development. The Company has continued to increase its investments in talent and resources for data governance, system construction, and risk measurement. Additionally, the Company has enriched its professional risk management tools, continuously enhanced the level of risk management intelligence, and built a comprehensive risk management system to meet the requirements of a modern investment bank. Furthermore, it has strengthened the assessment, investigation, and control of risks in key areas and businesses to effectively advance the unified credit-granting management of the Group. During the Reporting Period, the risks of the Company were generally under control and no significant business risks arose.

### 1. Major Risks Affecting the Operations of the Company

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

#### (1) Market Risk

Market risk refers to the risk of the potential or actual loss incurred by the Company due to the fluctuation of the fair value or future cash flows in respect of financial instruments held or to be held by the Company resulting from the adverse changes in securities price, interest rate and currency rate, including securities price risk, interest rate risk and currency rate risk, etc. Market risk is mainly measured by professional indicators such as sensitivity and VaR, and managed through measuring, monitoring and dynamically adjusting the limit indicators by setting risk limits such as risk exposure, scale, concentration level, limit of loss, sensitivity and VaR. As at the End of the Reporting Period, the VaR (1D, 95%<sup>1</sup>) of the Group amounted to RMB325 million.

##### ① *Securities Price Risk*

Securities price risk refers to the risk of the loss incurred by the Company's positions caused by the fluctuation of the fair value or future cash flows in respect of financial instruments due to the changes in market prices of securities, such as stocks, goods and their derivatives (other than changes resulting from interest rate risk or currency rate risk).

The securities price risk of the Company mainly arose from the positions held in businesses such as proprietary capital investment and market making business. In order to control such risks effectively, the Company mainly adopted the following measures. Firstly, it made use of financial derivatives such as futures and options to carry out effective risk hedging; secondly, it implemented stringent risk limit management to effectively control indicators such as risk exposure, scale, concentration level, limit of loss, VaR and sensitivity, and implemented risk monitoring, measurement, analysis, assessment and reporting for indicators such as risk limits to identify and deal with risks in a timely manner as well as adjusted the risk limits on a regular basis or from time to time after taking into account changes in the market, business operation and risk characteristics, thereby coping with the potential changes in risks; thirdly, it adopted quantitative analysis to assess risks in a timely manner, and carried out dynamic and forward-looking assessment of risks of the securities portfolio by adopting scenario analysis, sensitivity analysis, risk performance attribution, stress tests and other methods.

<sup>1</sup> 1 day, 95% confidence interval.

## ② **Interest rate risk**

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

## ③ **Exchange rate risk**

Exchange rate risk refers to the risk of loss on the Company's positions due to unfavourable changes in exchange rates, which mainly arises from international and cross-border business. The Company mainly adopts reasonable and effective measures such as hedging with foreign exchange derivatives and setting exchange rate exposure limits to manage its exchange rate risk.

## (2) **Credit Risk**

Credit risk refers to the risk of incurring losses resulting from the failure of the borrower or counterparty to timely fulfil its contractual obligations. The Company managed credit risk mainly by evaluating credit risk in advance and following up credit risk afterward. In the pre-evaluation phase, the Company constantly improved the internal credit rating system, strengthened unified credit management, optimised the system of credit risk limits and strictly implemented the negative list management mechanism, thereby effectively controlling the front-end risks and leveraging the management tool of the same client to effectively prevent client concentration risk. In the management phase of the duration, the Company regularly evaluated and monitored the credit risk, continuously traced significant events that would affect clients' credit, timely adjusted the credit limit based on clients' credit status; constantly enhanced the ability in credit risk measurement and closely monitored the exposure to credit risk; carried out regular risk screening and strengthened risk classification and management to continuously enhance the capability in making risk anticipation and warning, which enables us to identify, report and deal with default risks in a timely manner and formulate risk response measures or plans in advance.

During the Reporting Period, the Company's credit risk preference for bond investment remained relatively stable. The investors of credit bonds were mainly central enterprises and state-owned enterprises, with AA+ level or above accounting for approximately 96.96%, and the credit rating was generally high and the default risk was low. As at the End of the Reporting Period, the Company maintained an average margin ratio of 238% for its margin financing and securities lending clients with outstanding liabilities, and an average performance security of 238% for its stock pledged repurchase clients with outstanding liabilities. The overall credit risk facing the Company was within the acceptable range.

### **(3) Liquidity Risk**

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

To cope with and manage liquidity risk effectively, the Company mainly adopted the following measures: Firstly, it established and continued to optimise the liquidity risk indicator system to measure and monitor the liquidity risk of the Company on a daily basis and issue risk warning and report in a timely manner; secondly, it constantly optimised the model for liquidity risk measurement to improve the accuracy and foresight of the indicators; thirdly, regular stress tests were conducted to analyse and assess the overall liquidity risk level facing the Company and business departments under a stress scenario; fourthly, it carried out regular emergency drills to constantly strengthen the Company's ability in tackling emergency in relation to liquidity; fifthly, it constantly optimised the asset and liability structure by establishing a hierarchical liquidity reserve system and diversified the capital replenishment channels through the money market, capital market and bank credit; Last but not least, it strengthened the real-time monitoring and management of usage of large amounts of funds in order to achieve centralised fund allocation and coordinated liquidity risk management.

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

### **(4) Operational Risk**

Operational risk refers to the risk of incurring losses resulting from internal events including the defect of the Company's process, misconduct of personnel or system failures, or from such external events as natural disaster and fraud.

In order to effectively manage and control operational risks, the Company has adopted the following measures: establishing a clearly structured operational risk management framework with an improved system, continuously improving the operational risk management system and the implementation details of the three major management tools, namely Loss Data Collection (LDC), Risk and Control Self-Assessment (RCSA), and Key Risk Indicators (KRI), and setting up a mechanism of linkage among various management tools to realise online management, linkage triggering, and comprehensive application of the various management tools within the Group. The Company sorted out the major business processes, risk points and control measures of business departments, branches and subsidiaries, established an operational risk and control matrix covering key areas and critical links, conducted self-assessment on a regular or ad hoc basis, and promoted the improvement of processes and measures in response to control weaknesses. The Company established a KRI database for operational risks of key businesses, regularly monitored and analysed the operation of the indicators in each line, taking the advantage of early warning indicators. Through loss data collection and analysis, it realised the classification of operational risk events, attribution analysis, problem and action plan management. The Company incorporated operational risk identification and assessment into the process of launching new business products, upgrading and launching important business systems or reviewing major changes, and strengthened the assessment and reminder of risk in advance, so as to realize front-end control and closed-loop management of operational risks. A coordination mechanism was established to cover internal control and monitoring departments to realise the sharing of risk data and monitoring results, thereby improving the internal control synergy quality and efficiency, and promoting the improvement of the internal control system. During the Reporting Period, the Company's overall operational risk was within the acceptable range.



# MANAGEMENT DISCUSSION AND ANALYSIS

## **(5) Cybersecurity Risk**

Cyber and data security risk refers to the risks involved in confidentiality, integrity or availability of data generated by the use of information and communication technologies of the Company, as well as risks including property damage and prejudice to investors' legitimate interests caused by business interruptions as a result of the Company's cyber operation technologies.

In order to effectively prevent and mitigate the cyber and data security risks, and to protect personal information security of investors, the Company mainly adopted the following measures: establishing and improving the cyber and data security management system, continuously improving the investor personal information protection mechanism, implementing the cybersecurity responsibility system, making full use of various technologies, and enhancing the establishment of a sound cyber and data security technology assurance system; establishing a system for disaster recovery and offsite backup within the same city, and ensuring a safe physical network environment; using data backup technology and hardware redundancy backup technology to improve the security of hardware, software and data; taking measures, including network planning and isolation, information system security baseline, network access, and office terminal control, to strengthen information security management and control at key points; installing firewalls, application firewalls, traffic safety detection systems and other cybersecurity devices at network boundaries, as well as deploying antivirus and data leakage prevention systems to prevent malicious network attacks and mitigate the risk of data leakage; conducting security vulnerability scanning on important systems on a regular basis; conducting protection classification, security assessments and penetration tests for essential systems; initiating an impact assessment on the protection of personal information; formulating a comprehensive contingency plan for information system emergencies and organising drills on a regular basis; and organising various forms of safety awareness training for the Company's employees and investors. During the Reporting Period, the overall cyber and data security risks of the Company were controllable, and the important information technology systems of the Company operated in a safe and stable manner, providing strong support for the smooth development of the Company's business and the protection of investors' personal information security.

## **2. Countermeasures and Measures Taken or to be Taken by the Company**

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

### **(1) Deepening Establishment of the Group's Comprehensive Risk Management System**

The Board of Directors and the management of the Company at all levels have attached great importance to risk management. Based on serving the national development and from the perspective of the political and national security, the Group has firmly established a bottom-line and limit thinking, practices the important mission of preventing and resolving financial risks, requires leaders to deepen the Group's comprehensive risk management, enhances risk management, and improves the level of risk management. The Company has established and implemented the Group's risk appetite and optimised the hierarchical risk limit system based on the needs for business development and risk management. In addition, the Company has improved the process of risk management mechanism and strengthened the front-end risk assessment and control, during which it conducted T+1 risk measurement and control to enhance the closed-loop management of risk investigation, warning, disposal, recovery and accountability. Through all these efforts, the Company has further deepened the vertical risk management of its subsidiaries, and continued to build the Group's comprehensive risk management system that meets the requirements of a modern investment bank.

## **(2) Strengthening the Application of Risk Management Methods and Tools**

The Company increased resources in strengthening risk assessment and measurement, enhancing the application of risk management methods and tools, thoroughly identifying risks in a timely manner, prudently assessing various types of risks, constantly monitoring risks, actively taking effective measures to deal with risks, and reporting risks in a timely and all-round manner. During the Reporting Period, the Company optimised its model management mechanism by enhancing the evaluation and validation of its measurement models and strengthening the management of complex over-the-counter derivatives models and parameters such as snowballs. The Company studied and judged over-the-counter derivatives business risks through scenario analysis model dynamics in a timely manner. Constant efforts were made to optimise the asset realisation model, dynamic cash flow model, multi-scenario liquidity stress test and other models to improve the capabilities to measure and evaluate the Company's liquidity risk indicators. The Company also promoted the construction of risk attribution analysis and risk monitoring functions to enhance the refinement of market risk measurement. The Company continued to optimise the construction of the unified customer and business management system and the credit risk management system, promoted the construction and application of the internal credit rating system, optimised the risk alert model and system, improved the negative list management mechanism, and effectively implemented the asset risk classification and management mechanism. It continued to improve the operational risk management system and mechanism, effectively defined the responsibility of operational risk management at all levels, and established a mechanism for joint triggering and cross-application of operational risk management tools. The Company continued to develop system functions to meet the needs of diversified whole-process management, so as to enhance the quality and efficiency of operational risk management.

## **(3) Strengthening the Intelligence of Risk Management Information System**

Leveraging the "data middle platform", the Company built the Group's risk data mart and supported the centralised integration and standardised control of the Group's risk data, so as to achieve a comprehensive, timely and accurate collection and management of the various risk data of its parent and subsidiaries. On this basis, it built a professional risk management system cluster to improve the informatization, automation, and intelligence of risk management, providing comprehensive support for risk measurement, monitoring, warning, reporting, and so on. It established a comprehensive risk management platform, which realised the Group's risk information aggregation and multidimensional displays and reports. The Company had completed and put into production three new-generation risk management systems, namely the market risk management system, credit risk management system, and unified customer and business and risk early warning management system. It continued to expand and optimise a group-level risk data mart, a market risk measurement platform, an internal credit rating system, an operational risk management system, a risk monitoring system for margin financing business, a liquidity risk management system, a consolidated financial statement management system, an economic capital measurement system, and comprehensive risk management platform, etc.. Besides, the Company has completed a unified risk management portal to consolidate the Group's risk management digital resources and to support the enhancement of the ability of risk measurement, identification, early warning and disposal, as well as the effectiveness of risk management. In addition, the proportion of spending on independent research and development was enhanced, and the establishment and function enhancement of various risk management systems were steadily advancing, effectively supporting the risk management of the Group.

## **(4) Implementing Whole-process Risk Management**

The Company implements whole-process risk management across all business activities. This includes risk assessment before business initiation, design of risk control processes, risk control indicators and threshold settings, design of risk management supporting systems, and development of corresponding risk monitoring information systems. During the business process, pre-assessment and audits are conducted, along with in-process risk measurement, independent monitoring, risk screening, and risk reporting. After the business process, post-incident risk assessments, risk reviews, risk disposition, and accountability measures are carried out, ensuring that risk management effectively covers the entire business process.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **(5) Deepening “Full-coverage, Penetrating” Vertical Risk Management**

Under the Group’s unified risk management framework and based on the Group’s risk appetite, the Company promotes the implementation of differentiated risk management, taking into account the operating and risk characteristics of each subsidiary. Conducting pre-assessments of the risks facing subsidiaries in basic systems, important limits, major investment decisions, new businesses, and new products has effectively controlled the key risks for subsidiaries. By incorporating subsidiaries at all levels into the Group’s consolidated risk management, the Company has continued to deepen the data collection and application between the parent and subsidiary companies. Through incorporating subsidiaries’ risks into the T+1 group-level unified risk measurement, monitoring, and reporting, the Company has promoted the application of the Group’s unified internal ratings, unified customer and business management, and unified credit management across subsidiaries. The Company established a daily communication mechanism between the parent and subsidiaries for vertical management of key risk positions in subsidiaries, such as chief risk officers. Additionally, the Group has assigned key personnel to overseas subsidiaries to ensure the effective operation of the vertical risk management system in subsidiaries.

## **3. Risk Control Indicator Monitoring and Remedial System Development of the Company**

The Company has established a comprehensive risk control indicator management mechanism and formulated the “Management Measures for Risk Control Indicators of the Company” to standardize the management of risk control indicators from an institutional perspective. The Company has established and continuously optimized a dynamic monitoring system for risk control indicators, enabling dynamic monitoring, early warning, and analysis of risk control indicators. This system ensures timely reporting and handling of any abnormalities, guaranteeing that all risk control indicators always meet regulatory requirements. To enhance proactive management of risk control indicators, the Company also developed a risk indicator alert mechanism and set internal alert thresholds for indicators. During the Reporting Period, the Company’s net capital remained robust, and various risk control indicators consistently met regulatory standards.

During the Reporting Period, the Company strengthened its asset-liability matching management to ensure liquidity safety, reasonable asset pricing, and optimized asset allocation, striving to enhance its asset-liability management capabilities. The Company has established a dynamic top-up mechanism and developed long-term top-up plans for net capital. It raised short-term capital to increase its liquidity coverage ratio by issuing short-term commercial papers and replenished long-term available stable funds by issuing long-term corporate bonds and subordinated bonds to increase the net stable funding ratio, thereby ensuring a dynamic balance between the Company’s business development and risk resistance capabilities. The Company properly managed capital allocation and debt financing arrangements. When the capital adequacy target continued to decline, or there were potentially significant adverse factors, the Company could initiate the financing plan at an appropriate time based on market conditions to ensure capital adequacy levels. As at the End of the Reporting Period, the Company had 11 existing long-term subordinated bonds and 6 existing perpetual subordinated bonds to replenish net capital of subsidiaries with RMB35.566 billion. During the Reporting Period, the Company’s net capital and other risk control indicators consistently met the relevant regulatory requirements.

## XIII. CONNECTED TRANSACTIONS

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

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

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

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

Unit: yuan Currency: RMB

	<b>Actual transaction amount from 1 January to 30 June 2024</b>	<b>Annual cap for 2024</b>
<b>Revenue</b>	4,648,993.47	541,000,000.00
Of which: Securities brokerage services	762,419.07	
Sales agency services	1,042,096.81	
Leasing of trading seats	2,133,900.00	
Other related securities and financial services (Note)	710,577.59	
<b>Expenses</b>	838,550.61	35,000,000.00
Of which: Interest expenses	838,550.61	

Note: Income from other related securities and financial services includes handling fee income receivable from Galaxy Financial Holdings Group for custody business, asset management business, and other related operations.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (2) Securities and Financial Products Transactions Framework Agreement entered into between the Company and Galaxy Financial Holdings

On 30 June 2023, the Company and Galaxy Financial Holdings entered into the Framework Agreement on Securities and Financial Products Transactions, pursuant to which, during the period from 30 June 2023 to 31 December 2025, the Group, in the ordinary course of its business and on normal commercial terms, will engage in securities and financial products transactions with the Galaxy Financial Holdings Group, mainly including: (1) fixed-income securities products, (2) derivatives relating to fixed-income products, (3) equity products, (4) financing transactions, and (5) other related securities and financial products transactions permitted by the regulatory authorities. The securities and financial products transactions, whether conducted in the PRC interbank bond market, the PRC exchange market, the open-ended fund market or other over-the-counter market, shall be conducted on normal commercial terms at the prevailing market prices or market rates of similar transactions with independent third parties. The pricing of these transactions is subject to strict regulation in the PRC and shall be in compliance with applicable PRC laws and regulations. Galaxy Financial Holdings is the controlling shareholder of the Company and therefore a connected person of the Company. As such, the transaction constitutes a continuing connected transaction of the Company under the Stock Exchange Listing Rules. The Framework Agreement on Securities and Financial Products Transactions was approved by the independent shareholders of the Company on 29 June 2023 with effect from the date of signing (i.e. 30 June 2023).

For the three years ending 31 December 2025, the maximum aggregate net inflows from securities and financial products transactions (excluding financing transactions) of the Group under the Framework Agreement on Securities and Financial Products Transactions will be RMB25.5 billion, RMB30.9 billion and RMB39.1 billion, respectively, and the maximum aggregate net outflows will be RMB26 billion, RMB31.4 billion and RMB39.7 billion, respectively. The maximum daily balance (including accrued interest) of each of the facilities provided by the Galaxy Financial Holdings Group to the Group by way of pledge repurchase transactions under the Framework Agreement on Securities and Financial Products Transactions is RMB5.3 billion. As the annual caps in respect of the applicable percentage ratios under the Stock Exchange Listing Rules are more than 5%, the transactions are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under the Stock Exchange Listing Rules.

During the reporting period, the Group's income and expenses under the Securities and Financial Products Transactions Framework Agreement with Galaxy Financial Holdings Group are set out in the table below:

Unit: yuan Currency: RMB

Item	Actual transaction amount from 1 January to 30 June 2024	Annual cap for 2024
<b>Total inflows from Galaxy Financial Holdings Group to the Group</b>		
1. Inflows from transactions of fixed-income securities products	101,999,804.74	30,900,000,000.00
2. Inflows from transactions of equity products	–	
<b>Total outflows from the Group to the Galaxy Financial Holdings Group</b>		
1. Outflows from transactions of fixed-income securities products	842,654,108.49	31,400,000,000.00
2. Outflows from transactions of equity products	10,000,000.00	
<b>Maximum daily balance (including accrued interest) of each of the facilities provided by the Galaxy Financial Holdings Group to the Group by way of pledge repurchase transactions</b>	–	5,300,000,000.00

## **XIV. ADMINISTRATIVE PENALTIES, ADMINISTRATIVE SUPERVISORY MEASURES AND RELATED MATTERS FACING THE COMPANY, ITS BRANCHES AND SUBSIDIARIES DURING AND SUBSEQUENT TO THE REPORTING PERIOD**

The Company, its branches and subsidiaries received administrative penalties and regulatory measures from the financial regulatory authorities as follows:

### **1. The Company Received the Decision on Administrative Regulatory Measures to Issue a Warning Letter from the CSRC Beijing Office**

On 11 January 2024, the Company received the “Decision on Administrative Regulatory Measures to Issue a Warning Letter to China Galaxy Securities Co., Ltd.” issued by the CSRC Beijing Office. The CSRC Beijing Office was of the view that the following issues existed in the course of the Company’s business related to private funds products: (1) the permission on agency sale of such funds was not given prudently; (2) there were defects in the performance of the custodian’s duties; (3) the management of branches was inadequate.

The Company has conducted a thorough review and investigation of the issues identified in the regulatory measures. It has taken additional steps to enhance the management of its sales agents, optimise system construction, improve the decision-making mechanism, and strengthen compliance and risk control. Simultaneously, the Company further enhances its performance of custodial duties, continues to improve and strictly enforce the custodial access system, enhances system and process construction, strengthens risk management and control, and diligently and responsibly safeguards the interests of investors.

### **2. The Company Received the Decision on Administrative Penalties from the People’s Bank of China**

On 4 February 2024, the Company received the “Decision on Administrative Penalties from the People’s Bank of China”. The People’s Bank of China considered that the Company had the following issues: (1) the Company had not fulfilled the obligation of customer identification as required; (2) the Company failed to report large transaction reports or suspicious transaction reports as required. Therefore, it was decided to impose a penalty of RMB1.59 million on the Company, and to fine the relevant accountable persons RMB25,000 and RMB10,000, respectively.

The Company attached great importance to these issues and actively carried out relevant rectifications, by taking a number of measures to address the weaknesses identified in the inspection, and reporting the results to the People’s Bank of China. Reports were also made to the CSRC Beijing Office in accordance with the relevant work requirements.

### **3. Qingdao Haikou Road Securities Branch of the Company Received the Decision on Administrative Regulatory Measures to Issue a Warning Letter from the CSRC Qingdao Office**

On 7 March 2024, Qingdao Haikou Road Securities Branch of the Company received the Decision on Administrative Regulatory Measures to Issue a Warning Letter to the Qingdao Haikou Road Securities Branch of China Galaxy Securities Co., Ltd. issued by the CSRC Qingdao Office. The CSRC Qingdao Office considered that the Qingdao Haikou Road Securities Branch had the following issues: Qingdao Haikou Road Securities Branch employed labour despatching personnel not registered with the Securities Association of China, who offered customers services in relation to opening of securities margin trading accounts with the use of the securities branch seal. In addition, notifying customers of additional financing collaterals and the seal use registration violated the Company’s internal policies.

The Company attached great importance to this matter and has actively carried out rectification work, urging the Qingdao Haikou Road Securities Branch to improve and strictly implement the internal control mechanism, effectively strengthen the compliance management, and strictly regulate the professional behaviour of its staff.

# MANAGEMENT DISCUSSION AND ANALYSIS

#### **4. The Company Received the Decision on Administrative Regulatory Measures to Issue a Warning Letter from the CSRC Beijing Office**

On 16 April 2024, the Company received the Decision on Adoption of Administrative Regulatory Measures to Issue a Warning Letter to China Galaxy Securities Co., Ltd. issued by the CSRC Beijing Office. The CSRC Beijing Office considered that the Company has the following issues: it is not prudent in launching over-the-counter options and stock pledge business for the reason that the Company has failed to monitor the investment practice of its practitioners, their spouses and interested parties.

The Company attached great importance to this matter and has actively commenced rectification work to further strengthen the management of over-the-counter options and stock pledge business and the monitoring of employees' investment practice, so as to effectively enhance the standardisation of corporate governance and business management and strictly regulate the investment practices of employees.

#### **5. Nanjing Yanshan Road Securities Branch of the Company Received the Decision on Administrative Regulatory Measures to Issue a Warning Letter from the CSRC Jiangsu Office**

On 24 April 2024, Nanjing Yanshan Road Securities Branch of the Company received the "Decision on Administrative Regulatory Measures to Issue a Warning Letter to Nanjing Yanshan Road Securities Branch of China Galaxy Securities Co., Ltd." issued by the CSRC Jiangsu Office. The CSRC Jiangsu Office considered that Nanjing Yanshan Road Securities Branch has the following issues: some of the employees of the securities branch appointed non-securities practitioners other than securities brokers to solicit clients from 2021 to 2023.

The Company attached great importance to this matter and has actively carried out rectification work, urging the Nanjing Yanshan Road Securities Branch to improve and strictly implement the internal control system, effectively strengthen the compliance management, stringently prohibit unlicensed business activities and strictly regulate the professional conduct of its staff.

#### **6. Galaxy Jinhui, a Subsidiary of the Company, Received the Decision on Adoption of Administrative Regulatory Measures to Order Corrective Action and Suspend the Filing of New Private Asset Management Products Issued by the CSRC Shenzhen Office**

On 5 July 2024, Galaxy Jinhui, a subsidiary of the Company, received the "Decision on Administrative Regulatory Measures to Order Corrective Action and Suspend the Filing of New Private Asset Management Products against Galaxy Jinhui Securities Asset Management Co., Ltd." issued by the CSRC Shenzhen Office. The CSRC Shenzhen Office considered that Galaxy Jinhui had the following issues in the commencement of its private asset management business: (1) there were transactions in violation of regulations between certain designated asset management accounts and Galaxy Jinhui's other securities asset management accounts, which were operating at a high level of leverage and high concentration; (2) in the case of rigid payment, Galaxy Jinhui used proprietary funds to make advances or payments; (3) the rectification on asset management under new rules was not thorough, and there were asset management schemes of a larger scale which are still non-net-worth channel-based products in substance; fourthly, there were issues such as inadequate internal systems, insufficient management of investor suitability and irregularities in the management of underlying investments. In accordance with the relevant provisions, the CSRC Shenzhen Office decided to order correction and suspend the filing of new private asset management products for three months (except for newly issued products for the purpose of continuing the unexpired assets invested in the existing products, but without any new investment) against Galaxy Jinhui, and the period of suspension is from 6 July to 5 October 2024.

At present, the operation of Galaxy Jinhui's managed products is stable. The above suspension of the filing of private asset management products will have no significant impact on the Company's consolidated revenue and profit and will not affect the Company's normal operating activities. Galaxy Jinhui will have a profound reflection, learn from the lessons, and resolutely carry out comprehensive and in-depth rectification in accordance with the requirements of the regulatory authorities. Taking this opportunity, the Company and Galaxy Jinhui will continue to optimise and improve the internal control mechanism, strengthen the management foundation, further follow the concept of prudent operation, fulfill the obligations of diligence, and strive to enhance the long-term return for investors.

## **XV. INFORMATION ON ENVIRONMENTAL AND SOCIAL RESPONSIBILITY DURING THE REPORTING PERIOD**

Upon verification, the Company and its subsidiaries do not fall into the category of key polluters announced by the environmental protection authorities.

The Company strictly complies with laws and regulations on environmental protection such as the Environmental Protection Law of the People's Republic of China, the Law on Prevention and Control of Water Pollution of the People's Republic of China, the Law on Prevention and Control of Atmospheric Pollution of the People's Republic of China and the Law on Prevention and Control of Environmental Pollution by Solid Wastes of the People's Republic of China. During the Reporting Period, the Company was not subject to any penalties for violating relevant laws and regulations on environmental protection. The Company's impact on the environment is mainly the consumption of energy and related emissions in its daily operation, and the impact is relatively small. The specific office emissions data and related management information will be disclosed in the Company's 2024 Social Responsibility Report.

### **Protecting the Ecology, Preventing and Controlling Pollution, and Fulfilling Environmental Responsibilities**

During the Reporting Period, the Company completed the issuance of four bonds, including China Power International Green Medium-term Note, Anji County Xiuzhu Virescence Green Corporate Bond, Hangzhou United Rural Commercial Bank Green Financial Bond and Zhejiang Sewage Treatment Special Bond, with a total amount of more than RMB4.5 billion, which successfully attracted the relevant capital flow to the green industry, assisted in the green transformation of the traditional industries and the rise of emerging green industries, promoted the upgrading of the industrial structure, and actively took advantage of green finance.

In terms of theoretical research, the Company proactively participated in the research project on ESG and corporate social value of central state-owned enterprises under the guidance of the State-owned Assets Supervision and Administration Commission of the State Council. The core objective of the leading and participating in these projects was to improve the efficiency of corporate social responsibility discharging through the evaluation of the effectiveness of corporate social responsibility, and to enhance the intrinsic motivation of corporate social responsibility, so as to attract responsible investment as a sustained driver to help corporations fulfil their social responsibility and create social value. All these initiatives will ultimately promote China's sustainable development and help to achieve the goal of "carbon peak and carbon neutrality".

### **Measures Taken to Reduce Carbon Emissions during the Reporting Period and Their Effectiveness**

As the Company is a financial enterprise focusing on business office affairs and with low energy consumption and mild pollution, it does not cause significant impact on the natural environment and natural resources. The routine resource consumption mainly includes electricity in offices, gasoline for company cars, tap water and office paper. Major emissions are carbon emissions from energy consumption, domestic sewage, office and domestic garbage from routine office operation and other harmless wastes. Based on its actual operation, the Company is committed to controlling greenhouse gas emissions per unit area, electricity consumption per unit area and water consumption per unit area at a low level, and further improving the identification and statistics of the sources of waste to endeavour to reduce the generation of non-hazardous waste and hazardous waste.

In terms of saving water and electricity, the Company conducted energy saving settings in the office areas and was equipped with sensor faucets to save water, and a timer system was used to switch on and off the lighting in public areas at fixed times, and the building's nighttime lighting hours are adjusted according to the seasons. In order to reduce the use of air conditioning, the Company optimised the setting of air conditioning temperature and usage time in public areas to save electricity and help reduce carbon emissions.

As far as waste management is concerned, the Company selected a qualified professional recycler to recycle toner cartridges, ink cartridges and other office equipment consumables, achieving 100% recycling and reducing environmental pollution.



# MANAGEMENT DISCUSSION AND ANALYSIS

## **Details of Work on Consolidating and Expanding Achievements in Poverty Alleviation and Rural Revitalisation**

In the first half of 2024, the Company thoroughly studied and implemented the important remarks made by General Secretary Xi Jinping on rural revitalization, conscientiously implemented the decisions and deployments made by CIC in respect of the designated assistance, and met the relevant requirements and responded to calls from the CSRC and the Securities Association of China. The Company studied and applied the experience of the “Village Demonstration and Renovation Project”, focusing on the principles of “safeguarding the bottom line, increasing the driving force, promoting revitalization, and strengthening the guarantees”. Efforts were concentrated on the designated assistance in the Jingning County, Gansu Province and Yulu Xincun of Dongming County, Shandong Province, promoting the effective coordination between consolidating and expanding the results of the poverty alleviation in the assisted areas and the rural revitalization to reach a new level.

During the Reporting Period, the Party Committee of the Company had studied and deployed the assistance work for 10 times, the Company had held 6 special meetings on assistance efforts, and the leaders of the Company had visited Jingning County in Gansu Province once to carry out research.

During the Reporting Period, the Company allocated assistance funds totaling approximately RMB6.737 million. The main purposes of these funds were as follows: (1) RMB6 million was invested in the designated assistance fund of Jingning County in Gansu Province for the purpose of consolidating and expanding achievements in poverty alleviation and rural revitalisation projects. (2) Cumulative donations of RMB210,000 were made to Jingning County, Gansu Province, which were used to donate winter clothes and trousers to 500 students from economically disadvantaged families, organize 40 students to participate in the “Sound of A Shining Star” music festival and public welfare winter camp activities in Shanghai, and donate books to the elementary school in the centre of Yuan’an Town of Jingning County in Gansu Province. (3) Cumulative donations of RMB527,000 were used for environmental protection and medical assistance projects in Xinghe County of Inner Mongolia Autonomous Region, “Building and Sharing Financial Forests to Enhance the Greenness of Meizhou” plantation activities in Meizhou City, Guangdong Province, “Financial Forest” plantation activities in Zhongshan City, Guangdong Province, the First Nanjing University Industry Research Competition and CIC’s systematic support on love and care for disabled people volunteering activities.

During the Reporting Period, the Company introduced RMB1.2 million of a pro bono assistance fund and RMB5.29 million of conditional assistance funds to Jingning County in Gansu Province, trained 3,033 personnel and assisted in the sale of agricultural products for more than RMB4 million.

During the Reporting Period, the Company maintained five office bearers in Jingning County, Gansu Province, in the positions of deputy county mayor, deputy director of the Bureau of Agriculture and Rural Development, deputy director of the Bureau of Human Resources and Social Security, deputy director of the Bureau of Education, and the first secretary of Yangzui Village. A first secretary was assigned to Yulu Xincun in Dongming County, Shandong Province.

# CHANGES IN ORDINARY SHARES AND OTHER SITUATION

## I. CHANGE IN SHARE CAPITAL

During the Reporting Period, there was no change in the total number of shares and share capital structure of the Company.

## II. INFORMATION OF SHAREHOLDERS

### (I) Total Number of Shareholders:

Total number of holders of ordinary shares as at the End of the Reporting Period (account)	131,306
Total number of preference shareholders with voting rights restored as at the End of the Reporting Period (account)	–

Note: The total number of shareholders includes the number of holders of ordinary A Shares and registered holders of H Shares. As at the End of the Reporting Period, 130,664 accounts were holders of A Shares and 642 accounts were registered holders of H Shares.

### (II) Shareholdings of the Top 10 Shareholders and Top 10 Holders of Circulating Shares (or Holders of Shares not Subject to Selling Restrictions) as at the End of the Reporting Period

Unit: Share(s)

Name of shareholders	Increase or decrease during Reporting Period	Number of shares held as at the End of the Reporting Period	Percentage (%)	Number of shares held subject to selling restrictions	Shareholdings of top 10 shareholders (excluding shares lent through margin and securities refinancing)		
					Status of shares	Number of shares	Nature of shareholders
Galaxy Financial Holdings	–	5,186,538,364	47.43	–	Nil	–	State-owned legal person
HKSCC Nominees Limited (Note 1)	1,500	3,688,242,986	33.73	–	Nil	–	Overseas legal person
Hong Kong Securities Clearing Company Limited (Note 2)	43,789,848	114,083,401	1.04	–	Nil	–	Overseas legal person
China Securities Finance Corporation Limited	–	84,078,210	0.77	–	Nil	–	State-owned legal person
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	3,483,594	49,002,923	0.45	–	Nil	–	Others
Bank of Lanzhou Co., Ltd.	–	41,941,882	0.38	–	Nil	–	Domestic non-state-owned legal person
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	3,067,400	32,775,401	0.30	–	Nil	–	Others

# CHANGES IN ORDINARY SHARES AND OTHER SITUATION

## Shareholdings of top 10 shareholders (excluding shares lent through margin and securities refinancing)

Name of shareholders	Increase or decrease during Reporting Period	Number of shares held as at the End of the Reporting Period	Percentage (%)	Number of shares held subject to selling restrictions	Pledged, marked or frozen		
					Status of shares	Number of shares	Nature of shareholders
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Trading Index Securities Investment Open-ended Fund	10,297,203	25,762,706	0.24	–	Nil	–	Others
Zhongshan Financial Investment Holdings Co., Ltd.	8,237,900	19,241,213	0.18	–	Nil	–	State-owned legal person
China Construction Bank Corporation – E-Fund CSI 300 Exchange-traded Index Initiated Style Securities Investment Fund	11,655,100	17,050,985	0.16	–	Nil	–	Others

## Shareholdings of the top 10 holders of shares not subject to selling restrictions (excluding shares lent through margin and securities refinancing and shares held by senior management subject to lock-up)

Name of shareholders	Number of circulating shares held not subject to selling restrictions	Type and number of shares held	
		Type	Number of shares
Galaxy Financial Holdings	5,186,538,364	A Shares H Shares	5,160,610,864 25,927,500
HKSCC Nominees Limited (Note 1)	3,688,242,986	H Shares	3,688,242,986
Hong Kong Securities Clearing Company Limited (Note 2)	114,083,401	A Shares	114,083,401
China Securities Finance Corporation Limited	84,078,210	A Shares	84,078,210
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	49,002,923	A Shares	49,002,923
Bank of Lanzhou Co., Ltd.	41,941,882	A Shares	41,941,882

# CHANGES IN ORDINARY SHARES AND OTHER SITUATION

## Shareholdings of the top 10 holders of shares not subject to selling restrictions (excluding shares lent through margin and securities refinancing and shares held by senior management subject to lock-up)

Name of shareholders	Number of circulating shares held not subject to selling restrictions	Type and number of shares held	
		Type	Number of shares
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	32,775,401	A Shares	32,775,401
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Trading Index Securities Investment Open-ended Fund	25,762,706	A Shares	25,762,706
Zhongshan Financial Investment Holdings Co., Ltd.	19,241,213	A Shares	19,241,213
China Construction Bank Corporation – E-Fund CSI 300 Exchange-traded Index Initiated Style Securities Investment Fund	17,050,985	A Shares	17,050,985
Description of special repurchase accounts among the top ten shareholders	Nil		
Description of the voting rights exercised by proxy of the above shareholders, the voting rights exercised by the above shareholders as authorized by and on behalf of other shareholders, the voting rights the above shareholders abstained from	Nil		
Description of the associated relationship of or action in concert among the aforesaid shareholders	The Company is not aware of any associated/connected relationship of or any parties acting in concert among the aforesaid shareholders. In particular, the shares held by HKSCC Nominees Limited are H shares entrusted by overseas investors; the shares held by Hong Kong Securities Clearing Company Limited are A shares held by overseas investors through Shanghai Stock Connect.		
Preference shareholders with voting rights restored and number of shares held	Nil		

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

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

# CHANGES IN ORDINARY SHARES AND OTHER SITUATION

## Lending of shares through the margin and securities refinancing business by shareholders with more than 5% of shareholdings, top 10 shareholders and top 10 shareholders of circulating shares not subject to selling restrictions

Unit: Share(s)

### Lending of shares through the margin and securities refinancing business by shareholders with more than 5% of shareholdings, top 10 shareholders and top 10 shareholders of circulating shares not subject to selling restrictions

Name of shareholders	Number of shares held in general accounts and credit accounts as at the beginning of the Reporting Period		Number of shares lent through margin and securities refinancing and not yet returned as at the beginning of the Reporting Period		Number of shares held in general accounts and credit accounts as at the End of the Reporting Period		Number of shares lent through margin and securities refinancing and not yet returned as at the End of the Reporting Period	
	Total	Percentage (%)	Total	Percentage (%)	Total	Percentage (%)	Total	Percentage (%)
	Zhongshan Financial Investment Holdings Co., Ltd.	11,003,313	0.101	8,237,900	0.075	19,241,213	0.176	-
China Construction Bank Corporation – E-Fund CSI 300 Exchange-traded Index Initiated Style Securities Investment Fund	5,395,885	0.049	625,200	0.006	17,050,985	0.156	-	-
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	45,519,329	0.416	1,674,300	0.015	49,002,923	0.448	116,100	0.001
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	29,708,001	0.272	2,016,900	0.018	32,775,401	0.300	193,600	0.002
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Trading Index Securities Investment Open-ended Fund	15,465,503	0.141	669,100	0.006	25,762,706	0.236	-	-

## Changes in top 10 shareholders and top 10 shareholders of circulating shares not subject to selling restrictions due to lending/returning through margin and securities refinancing compared with the previous period

Unit: Share(s)

### Changes in top 10 shareholders and top 10 shareholders of circulating shares not subject to selling restrictions due to lending/returning through margin and securities refinancing compared with the previous period

Name of shareholders	Addition/withdrawal during the Reporting Period	Number of shares lent through margin and securities refinancing and not yet returned as at the End of the Reporting Period		Number of shares held in shareholders' general accounts and credit accounts and shares lent through margin and securities refinancing and not yet returned as at the End of the Reporting Period	
		Total	Percentage (%)	Total	Percentage (%)
Zhongshan Financial Investment Holdings Co., Ltd.	Addition	-	-	19,241,213	0.176
China Construction Bank Corporation – E-Fund CSI 300 Exchange-traded Index Initiated Style Securities Investment Fund	Addition	-	-	17,050,985	0.156

## I. INTERIM DIVIDEND

As approved by the Board, the Company proposed to distribute an interim cash dividend of RMB918,489,789.50 (tax inclusive) for 2024 to its shareholders, based on the Company's total share capital of 10,934,402,256 shares as at 30 June 2024, with a cash dividend of RMB0.84 (tax inclusive) for every 10 shares. In case of any changes in the total share capital of the Company on the record date, the amount of cash dividend per share will be adjusted accordingly, up to a total of RMB918,489,789.50 (tax inclusive). The cash dividends will be denominated and declared in RMB, and paid in RMB and in Hong Kong dollars to holders of A Shares and holders of H Shares, respectively. The 2024 interim profit distribution plan of the Company was approved at the 30th meeting (regular) of the fourth session of the Board of Directors, subject to the consideration and approval at the general meeting of the Company.

The Company will announce in due course the date of the general meeting and the time for the closure of its register of members for the purpose of determining shareholders' eligibility to attend and vote at the general meeting, during which time no transfer of shares will be registered. The Company will issue separate notices on the record date for the distribution of the interim dividends, the date for the closure of its register of members and the date of distribution.

## II. INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS HELD BY THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

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

## III. RIGHTS OF THE DIRECTORS AND SUPERVISORS TO ACQUIRE SHARES OR DEBENTURES

During the Reporting Period and as at the End of the Reporting Period, there was no arrangement to which the Company, its subsidiaries or holding company or a subsidiary of its holding company was a party and the purpose or one of the purposes of which was to benefit any Director, Supervisor, their respective spouses or any of their minor children under 18 years of age through acquisition of any shares or debentures of the Company or any other body corporation.

## OTHER INFORMATION

### IV. INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY HELD BY SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

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

Name of substantial shareholders	Class of shares	Nature of interest	Number of shares held (share) (Note 1)	Percentage of the total number of issued shares of the Company (%)	Percentage of the total number of issued A Shares/ H Shares of the Company (%)	Long position/ short position/ shares available for lending
Huijin (Note 2)	A Shares	Interests of controlled corporation	5,160,610,864	47.20	71.25	Long position
	H Shares	Interests of controlled corporation	25,927,500	0.24	0.70	Long position
Galaxy Financial Holdings (Note 2)	A Shares	Beneficial owner	5,160,610,864	47.20	71.25	Long position
	H Shares	Beneficial owner	25,927,500	0.24	0.70	Long position
Wenze International Investment Limited (Notes 3 & 4)	H Shares	Beneficial owner	219,524,000	2.01	5.95	Long position
Wang Yili (Note 3)	H Shares	Interests of controlled corporation	219,524,000	2.01	5.95	Long position
Yan Yuqing (Note 4)	H Shares	Interests of controlled corporation	219,524,000	2.01	5.95	Long position

Note 1: Pursuant to Section 336 of the SFO, when the shareholdings of the shareholders in the Company change, it is not necessary for the shareholders to notify the Company and Hong Kong Stock Exchange unless certain criteria are fulfilled. Therefore, the latest shareholdings of the shareholders in the Company may be different from the shareholdings filed with Hong Kong Stock Exchange.

Note 2: Huijin directly holds approximately 69.07% equity interest in Galaxy Financial Holdings and is therefore deemed to be interested in 5,160,610,864 A Shares and 25,927,500 H Shares directly held by Galaxy Financial Holdings.

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

Note 4: Yan Yuqing holds 50% equity interest in Wenze International Investment Limited and is therefore deemed to be interested in 219,524,000 H Shares held by Wenze International Investment Limited.

Save as disclosed above, as at the End of the Reporting Period, the Company was not aware of any other person (other than Directors, Supervisors and chief executive of the Company) who held interests or short positions in shares or underlying shares of the Company as required to be recorded in the register pursuant to Section 336 of the SFO.

### **V. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Save as disclosed in the sub-section “Relevant Information of Bonds” under the section “Management Discussion and Analysis”, the Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company (including sales of treasury shares, if any) during the Reporting Period.

### **VI. COMPLIANCE WITH THE CG CODE**

As a company listed in Hong Kong and Shanghai and incorporated in Mainland China, the Company strictly conforms to the requirements of the laws, regulations and regulatory documents of the jurisdictions where the Company is listed and Mainland China, operates in compliance with law, and is continually dedicated to maintaining and improving the good social image of the Company. According to the Company Law, the Securities Law and other laws, regulations and regulatory requirements, the Company has established a power-balanced and duty-segregated governance structure between the general meeting, the Board of Directors, the Supervisory Committee and the management, which ensures the operation of the Company in a regulated manner. The convening and voting process of the general meeting and the meetings of the Board of Directors and the meetings of the Supervisory Committee are legal and valid. The information disclosed by the Company is true, accurate, timely and complete. The investor relationship is managed effectively and the corporate governance is scientific, rigorous and orderly.

During the Reporting Period, the Company had been in strict compliance with all code provisions of the CG Code, and met the requirements of most of the recommended best practice provisions set out in the CG Code.

### **VII. COMPLIANCE WITH THE MODEL CODE**

The Company has adopted the Model Code for securities transactions by Directors and Supervisors. The Company has made specific enquiries to all Directors and Supervisors with respect to their compliance with the Model Code, and all Directors and Supervisors confirmed that they have complied with all of the codes and requirements set out in the Model Code during the Reporting Period.



# OTHER INFORMATION

## VIII. OPERATION OF THE BOARD AND ITS SPECIAL COMMITTEES

As at the date of the report, the Board currently comprises 10 Directors, including 2 executive Directors, 4 non-executive Directors and 4 independent non-executive Directors.

The Strategy and Development Committee, the Compliance and Risk Management Committee, the Nomination and Remuneration Committee and the Audit Committee have been established under the Board. The responsibilities of each committee are clearly divided and defined. The committees assist the Board in conducting work within the terms of reference as specified in the rules of procedure, and are accountable to and report to the Board. The majority of the members of the Nomination and Remuneration Committee and the Audit Committee are independent non-executive Directors, and the chairman of each of the two committees is an independent non-executive Director.

<b>Committees</b>	<b>Members</b>
Strategy and Development Committee	Chairman: Wang Sheng Members: Xue Jun, Yang Tijun, Liu Chang, Liu Zhihong, Liu Li and Ma Zhiming
Compliance and Risk Management Committee	Chairman: Li Hui Members: Xue Jun, Yang Tijun, Liu Chun, Ma Zhiming
Nomination and Remuneration Committee	Chairman: Liu Li Members: Liu Chun, Law Cheuk Kin Stephen, Ma Zhiming, Li Hui, and Liu Chang
Audit Committee	Chairman: Liu Chun Members: Law Cheuk Kin Stephen, Liu Li, Ma Zhiming, Yang Tijun and Li Hui

All Directors performed their duties faithfully and diligently in accordance with the relevant requirements of laws, regulations and the Articles of Association, so as to protect the interests of the Company and its shareholders. During the Reporting Period, all Directors faithfully and diligently performed their duties entitled by laws and regulations, and protected the overall interests of the Company, especially the legitimate interests of small and medium shareholders.

During the Reporting Period, the Board convened 1 annual general meeting, submitted 13 proposals for shareholders' consideration; and convened 1 extraordinary general meeting and submitted 4 proposals for shareholders' consideration. The Board actively organized, supervised and followed up with the implementation of the resolutions passed at general meetings. The Board convened 5 Board meetings to consider 32 proposals. The Strategy and Development Committee convened 3 meetings, the Compliance and Risk Management Committee convened 2 meetings, the Nomination and Remuneration Committee convened 4 meetings, and the Audit Committee convened 3 meetings. The special committees gave full play to their own professional strengths, provided strong support for the decision-making of the Board and further enhanced the efficiency and level of decision-making of the Board.

In particular, the Audit Committee and the management have reviewed the accounting policies adopted by the Company, discussed matters including the risk management, internal control and financial statements of the Company, and fully reviewed the consolidated interim financial information and interim report of the Company for the six months ended 30 June 2024. The external auditor of the Company has reviewed the interim financial information in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

The financial data set forth in this interim report is unaudited.

## IX. OPERATION OF THE SUPERVISORY COMMITTEE

The Supervisory Committee currently comprises 5 Supervisors, including 2 employee Supervisors.

Supervisory Committee	Chairperson	Supervisors
Supervisor	Qu Yanping	Wei Guoqiang, Tao Libin, Chen Jijiang (employee Supervisor), Fan Minfei (employee Supervisor)

The Supervisors performed their duties diligently and supervised the operation of the Company in accordance with relevant laws and regulations, including the Company Law and the Securities Law of the PRC, and the relevant requirements of the Articles of Association, so as to protect the legitimate interests of the Company and its shareholders. During the Reporting Period, the Supervisory Committee convened 3 meetings. The Performance Monitoring Committee convened 2 meetings while the Financial Monitoring Committee convened 3 meetings.

## X. MATERIAL LITIGATIONS

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

## XI. PUNISHMENT OR PUBLIC CENSURE, INCLUDING PUNISHMENT IMPOSED OR PUBLIC CENSURE MADE BY THE CSRC, THE SECURITIES ASSOCIATION OF CHINA, STOCK EXCHANGES AND FINANCIAL FUTURES EXCHANGE AGAINST THE COMPANY AND ITS DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, the Directors, Supervisors and senior management of the Company had not been punished or publicly censured by the CSRC, the Securities Association of China, stock exchanges, financial futures exchange, finance and taxation, foreign exchange and auditing authorities.

During the Reporting Period, the Company had not been subject to any administrative penalties by the CSRC, the Securities Association of China, stock exchanges, financial futures exchanges, finance and taxation, foreign exchange and auditing authorities due to material violation of laws and regulations.

## XII. RELEVANT SUBSEQUENT EVENTS

### 1. Issuance of bonds

For details, please refer to “Relevant Information of Bonds” as set out in the section headed “Management Discussion and Analysis” contained in this report.

### 2. Changes in directors, supervisors and senior management of the Company

For details, please refer to “Changes in Directors, Supervisors and Senior Management of the Company” as set out in the section headed “Other Information” contained in this report.

## OTHER INFORMATION

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

Name	Position	Changes
Jiang Yuesheng	Non-executive Director, Employee Director, Member of the Compliance and Risk Management Committee	Resignation
Xue Jun	Executive Director, Vice Chairman, Member of the Strategic Development Committee, Election Member of the Compliance and Risk Management Committee	
Liu Li	Independent Non-executive Director, Chairman of the Nomination and Remuneration Committee, Member of the Strategic Development Committee, Member of the Audit Committee	Election
Liu Bing	Secretary of the Board	Appointment
Wang Sheng	Member of the Compliance and Risk Management Committee	Resignation
Wu Guofang	Business Director, Member of the Executive Committee	Resignation
Zhang Ruibing	Business Director, Member of the Executive Committee	Appointment
Wu Peng	Business Director, Member of the Executive Committee	Appointment
Wang Zhenjun	Independent Non-executive Director, Member of the Strategic Development Committee, Member of the Audit Committee, Member of the Nomination and Remuneration Committee, Member of the Compliance and Risk Management Committee	Resignation
Ma Zhiming	Independent Non-executive Director, Member of the Nomination and Remuneration Committee, Member of the Strategic Development Committee, Member of the Compliance and Risk Management Committee, Member of the Audit Committee	Election

### CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

1. On 15 January 2024, the Board of Directors received a written resignation application from Mr. Jiang Yuesheng. Mr. Jiang Yuesheng resigned as a non-executive Director, an employee Director, a member of the Compliance and Risk Management Committee under the Board and other positions as he reached the statutory retirement age. The application became effective upon delivery to the Board of Directors of the Company.
2. On 23 January 2024, the Company convened the first extraordinary general meeting for 2024, where Mr. Xue Jun was elected as an executive Director of the Company and Mr. Liu Li was elected as an independent non-executive Director of the Company.
3. On 23 January 2024, the Resolution on Appointment of Mr. Xue Jun as the Vice Chairman of the Company, the Resolution on Adjustment to the Composition of Special Committees of the Board of Directors, and the Resolution on Appointment of Mr. Liu Bing as the Secretary of the Board of Directors of the Company were considered and approved at the 24th (extraordinary) meeting of the fourth session of the Board of the Company, and it was agreed that Mr. Xue Jue was appointed as the Vice Chairman of the fourth session of the Board of the Company, a member of each of the Strategic Development Committee and the Compliance and Risk Management Committee; and that Mr. Liu Li was appointed as the Chairman of the Nomination and Remuneration Committee, a member of each of the Strategic Development Committee and the Audit Committee while Mr. Wang Sheng would cease to act as a member of the Compliance and Risk Management Committee; and that Mr. Liu Bing, the Business Director and a member of the Executive Committee of the Company, would also serve as the Secretary of the Board of the Company while Mr. Wang Sheng would cease to act as the Secretary of the Board.

4. On 28 March 2024, the Resolution on Mr. Wu Guofang's Resignation as a Business Director and a Member of the Executive Committee of the Company was considered and approved at the 25th (regular) meeting of the fourth session of the Board of Directors of the Company, and it was agreed that Mr. Wu Guofang would no longer serve as Business Director and member of the Executive Committee of the Company due to work re-arrangement.
5. On 29 April 2024, the Resolution on the Appointment of Mr. Zhang Ruibing as a Business Director and a member of the Executive Committee of the Company and the Resolution on the Appointment of Mr. Wu Peng as a Business Director and a member of the Executive Committee of the Company were considered and approved at the 26th (regular) meeting of the fourth session of the Board of Directors of the Company, respectively, and it was agreed that each of Mr. Zhang Ruibing and Mr. Wu Peng would be appointed as a Business Director and a member of the Executive Committee of the Company.
6. On 7 June 2024, the Board received a written resignation report from Mr. Wang Zhenjun, who applied for resignation as an independent non-executive Director of the Company and as a member of each of the Board's Strategy and Development Committee, Audit Committee, Nomination and Remuneration Committee and Compliance and Risk Management Committee as he had served as an independent non-executive Director for six years with effect from the date of submission of the application to the Board of the Company.
7. On 28 June 2024, the Company held its 2023 annual general meeting and elected Mr. Ma Zhiming as an independent non-executive Director of the Company.
8. On 20 August 2024, the Company convened the 29th (extraordinary) meeting of the fourth session of the Board and passed the Resolution on Adjustment to the Composition of Special Committees of the Board of Directors, agreeing that Ms. Li Hui would serve as the chairman of the Compliance and Risk Management Committee, and that Mr. Ma Zhiming would serve as a member of each of the Nomination and Remuneration Committee, the Strategic Development Committee, the Compliance and Risk Management Committee and the Audit Committee.

#### **XIV. DETAILS OF, REASONS FOR AND IMPACT FROM THE CHANGES TO THE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND AUDIT METHODS COMPARED WITH THE PREVIOUS ACCOUNTING PERIOD**

During the Reporting Period, there was no change to the accounting policies, accounting estimates and audit methods of the Company.

#### **XV. INCREASE OF REGISTERED CAPITAL OF THE COMPANY AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

In order to further improve the governance structure of the Company, the Company increased its registered capital and amended certain provisions of its Articles of Association in accordance with the provisions and requirements of laws and regulations and regulatory documents such as the Measures for the Management of Independent Directors of Listed Companies, the Guidelines on the Articles of Association of Listed Companies, the Measures for the Supervision and Management of the Directors, Supervisors, Senior Management, and Practitioners of Securities and Fund Business Institutions, the SSE Listing Rules, the Self-regulatory Guidelines for Listed Companies No. 1 – Standardized Operations of the Shanghai Stock Exchange, and the conversion of the Company's convertible corporate bonds and in light of the needs of the Company's operation and management. In accordance with the corporate governance procedures, resolutions on the increase of registered capital and the amendments to the Company's Articles of Association were considered and approved at the 2023 annual general meeting held on 28 June 2024. Prior to the date of disclosure of the report, the Company completed the filing procedures with the CSRC Beijing Office and the Beijing Municipal Administration of Market Supervision in respect of the registered capital registration and the amendments to the Articles of Association of the Company. Details are as follows:

# OTHER INFORMATION

## 1. Amendments to certain provisions of the Articles of Association

Amendments to the Articles of Association are mainly as follows: (1) to amend the relevant provisions in the Articles of Association in respect of the Independent Directors in accordance with the Measures for the Management of Independent Directors of Listed Companies, the SSE Listing Rules, the Self-regulatory Guidelines for Listed Companies No. 1 – Standardized Operations of the Shanghai Stock Exchange and other relevant laws and regulations with respect to the latest requirements for independent Directors; (2) to amend certain corporate governance-related provisions in the Articles of Association in accordance with the Guidelines on the Articles of Association of Listed Companies, the SSE Listing Rules and other laws and regulations; (3) to amend and improve the relevant provisions on the qualifications for the appointment of Directors, Supervisors, general managers (presidents) or other senior management of the Company in accordance with the Measures for the Supervision and Management of the Directors, Supervisors, Senior Management, and Practitioners of Securities and Fund Business Institutions; (4) to amend and improve relevant provisions in accordance with the core shareholder protection standards as set out in Appendix A1 to the Stock Exchange Listing Rules and as a result of the repeal of Part D of the original Appendix 13 of the Stock Exchange Listing Rules; (5) to amend relevant provisions based on changes in the Company's share capital resulting from the conversion of convertible corporate bonds in issue and other actual circumstances; (6) to add the objectives of business integrity management in accordance with the Opinions on Strengthening the Supervision of Intermediaries' Business Integrity under the Registration System and the Implementation Rules for the Business Integrity of Securities Firms and Their Employees; (7) to standardize the description of the scope of business in the Articles of Association in accordance with Article 12 of the Implementation Rules of the Regulations on the Administration of Registration of Market Entities of the People's Republic of China and in conjunction with the catalogue of standardized scope of business issued by the State Administration for Market Supervision.

## 2. Increase of registered capital of the Company

Pursuant to the Approval on the Public Issuance of Convertible Corporate Bonds of China Galaxy Securities Co., Ltd. (CSRC Permit [2022] No. 547) issued by the CSRC, the Company issued RMB7.8 billion of A-share convertible corporate bonds on 24 March 2022. The convertible bonds were conditionally redeemed and delisted as required on December 2023. The conversion of the convertible bonds commenced on 30 September 2022. Up to the redemption registration date (18 December 2023), the number of A shares converted from the convertible bonds was 797,143,499, increasing the total number of the Company's shares to 10,934,402,256. The registered capital of the Company was increased from RMB10,137,258,757 to RMB10,934,402,256.

## XVI. CONTRACTS OF SIGNIFICANCE AND THEIR PERFORMANCE

Pursuant to the SSE Listing Rules and the Standards on the Content and Format of Information Disclosure by Companies with Publicly Issued Securities No. 3 – Content and Format of Semi-Annual Reports (2021 Revision), the Group did not enter into any contracts of significance during the Reporting Period.

# REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## TO THE BOARD OF DIRECTORS OF CHINA GALAXY SECURITIES CO., LTD.

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

### INTRODUCTION

We have reviewed the accompanying interim financial information set out on pages 70 to 136, which comprises the condensed consolidated statement of financial position of China Galaxy Securities Co., Ltd. (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2024 and the related condensed consolidated statements of profit or loss and comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) issued by the International Accounting Standards Board.

The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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.

### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

#### **Ernst & Young**

*Certified Public Accountants*

Hong Kong

29 August 2024

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
<b>Revenue</b>			
Commission and fee income	5	3,575,747	3,781,277
Interest income	6	7,121,625	7,299,315
Investment income and gains or losses	7	4,924,613	4,664,943
		<b>15,621,985</b>	15,745,535
Income from bulk commodity trading		7,186,416	7,000,573
Other income, gains or losses	8	102,516	260,725
<b>Total revenue, gains and other income</b>		<b>22,910,917</b>	23,006,833
Depreciation and amortization	9	(576,023)	(531,431)
Staff costs	10	(3,577,884)	(3,573,414)
Commission and fee expenses	11	(532,177)	(491,007)
Interest expenses	12	(5,282,485)	(5,094,547)
Cost from bulk commodity trading		(7,103,580)	(6,952,653)
Other operating expenses	13	(1,415,196)	(1,251,839)
Impairment losses, net of reversal	14	(51,961)	(27,641)
Credit loss expense	14	180,786	79,178
<b>Total expenses</b>		<b>(18,358,520)</b>	(17,843,354)
<b>Share of results of joint ventures</b>		<b>(10,040)</b>	(7,246)
<b>Profit before income tax</b>		<b>4,542,357</b>	5,156,233
Income tax expense	15	(154,307)	(216,803)
<b>Profit for the period</b>		<b>4,388,050</b>	4,939,430
Profit for the period attributable to:			
Owners of the Company		4,387,820	4,939,222
Non-controlling interests		230	208
Earnings per share (Expressed in RMB per share)			
– Basic	16	0.35	0.45
– Diluted	16	0.35	0.43

The accompanying notes form an integral part of this interim financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024  
(Amounts in thousands of Renminbi, unless otherwise stated)

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>(Unaudited)</b>	2023 (Unaudited)
<b>Profit for the period</b>	<b>4,388,050</b>	4,939,430
Other comprehensive income/(expense):		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value gains on investments in equity instruments measured at fair value through other comprehensive income	<b>2,448,222</b>	1,058,609
Income tax effect on changes in fair value	<b>(612,062)</b>	(264,674)
Subtotal	<b>1,836,160</b>	793,935
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations and others	<b>(106,155)</b>	70,448
Debt instruments measured at fair value through other comprehensive income:		
– Fair value changes arising during the period	<b>2,604,213</b>	801,638
– Reclassification adjustments included in profit or loss	<b>(1,311,740)</b>	449,333
– Income tax that may be reclassified subsequently	<b>(323,214)</b>	(312,743)
Subtotal	<b>863,104</b>	1,008,676
Other comprehensive income for the period (net of tax)	<b>2,699,264</b>	1,802,611
Total comprehensive income for the period (net of tax)	<b>7,087,314</b>	6,742,041
Total comprehensive income for the period attributable to:		
Owners of the Company	<b>7,087,084</b>	6,741,833
Non-controlling interests	<b>230</b>	208
	<b>7,087,314</b>	6,742,041

The accompanying notes form an integral part of this interim financial information.



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	18	552,975	669,630
Investment properties		7,149	7,248
Right-of-use assets	19	1,505,447	1,656,263
Goodwill	20	1,025,055	1,032,951
Other intangible assets	21	792,646	820,541
Interests in joint ventures	22	262,230	244,771
Financial assets measured at fair value through profit or loss	23	27,610,647	27,344,835
Debt instruments measured at fair value through other comprehensive income	25	–	90,829
Equity instruments measured at fair value through other comprehensive income	26	54,116,497	45,173,149
Debt instruments measured at amortized cost	27	675,273	959,951
Financial assets held under resale agreements	24	12,017,020	11,452,478
Deposits with exchanges and non-bank financial institutions	29	1,295,980	1,483,680
Other receivables and prepayments	28	1,192,047	1,176,861
Deferred tax assets	30	218,434	276,155
Total non-current assets		101,271,400	92,389,342
<b>Current assets</b>			
Advances to customers	31	82,209,945	91,217,899
Accounts receivable	32	15,329,823	12,943,204
Tax recoverable		572,989	322,382
Other receivables and prepayments	28	7,842,350	6,883,979
Financial assets measured at fair value through profit or loss	23	214,880,267	178,838,657
Debt instruments measured at fair value through other comprehensive income	25	98,894,302	97,267,109
Debt instruments measured at amortized cost	27	1,653,550	1,338,072
Financial assets held under resale agreements	24	11,484,580	11,296,675
Derivative financial assets	33	11,978,364	8,405,035
Deposits with exchanges and non-bank financial institutions	29	16,867,985	20,777,564
Clearing settlement funds	34	32,967,789	27,900,176
Bank balances	35	170,355,759	113,625,203
Total current assets		665,037,703	570,815,955
Total assets		766,309,103	663,205,297
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	36	10,934,402	10,934,402
Other equity instruments	37	29,828,323	29,828,323
Reserves		62,068,526	59,434,640
Retained profits		31,101,126	30,268,996
Equity attributable to owners of the Company		133,932,377	130,466,361
Non-controlling interests		28,655	28,425
Total equity		133,961,032	130,494,786

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024  
(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bonds payable	38	69,861,151	68,731,531
Debt instruments	39	66,692	309,594
Financial liabilities measured at fair value through profit or loss	40	2,898,000	6,181,322
Other payables and accruals	41	196,672	179,311
Lease liabilities	19	877,042	1,007,158
Deferred tax liabilities	30	1,120,012	209,301
Total non-current liabilities		75,019,569	76,618,217
<b>Current liabilities</b>			
Bonds payable	38	39,311,649	29,687,047
Due to banks and other financial institutions	42	11,500,518	16,956,888
Debt instruments	39	13,583,117	28,227,730
Accounts payable to brokerage clients	43	180,365,579	120,261,793
Accrued staff costs	44	5,992,973	6,043,755
Other payables and accruals	41	59,765,753	53,710,046
Lease liabilities	19	659,911	688,572
Current tax liabilities		146,834	175,142
Financial liabilities measured at fair value through profit or loss	40	61,970,130	33,472,853
Derivative financial liabilities	33	2,194,805	5,515,913
Financial assets sold under repurchase agreements	45	181,837,233	161,352,555
Total current liabilities		557,328,502	456,092,294
Total liabilities		632,348,071	532,710,511
Total equity and liabilities		766,309,103	663,205,297

The accompanying notes form an integral part of this interim financial information.

Approved and authorized for issue by the Board of Directors on 29 August 2024 and signed on its behalf by:

**Wang Sheng**

DIRECTOR

**Xue Jun**

DIRECTOR

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Equity attributable to owners of the Company												
	Share capital	Other equity instruments	Capital reserves	Reserves						Retained profits	Subtotal	Non-controlling interests	Total equity
				Investment revaluation reserve	Cash flow hedging reserve	Translation reserves	General reserves	Other reserves					
At 31 December 2022 (audited)	10,137,280	15,935,691	25,051,651	(20,725)	(859)	(26,514)	23,616,558	(68,735)	27,965,366	102,589,713	23,185	102,612,898	
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	9,013	9,013	-	9,013	
At 1 January 2023 (restated)	10,137,280	15,935,691	25,051,651	(20,725)	(859)	(26,514)	23,616,558	(68,735)	27,974,379	102,598,726	23,185	102,621,911	
Profit for the period	-	-	-	-	-	-	-	-	4,939,222	4,939,222	208	4,939,430	
Other comprehensive income for the period	-	-	-	1,732,163	(801)	71,249	-	-	-	1,802,611	-	1,802,611	
Total comprehensive income for the period	-	-	-	1,732,163	(801)	71,249	-	-	4,939,222	6,741,833	208	6,742,041	
Appropriation to general reserves	-	-	-	-	-	-	18,096	-	(18,096)	-	-	-	
Capital increase by other equity instrument holders	-	9,962,189	-	-	-	-	-	-	-	9,962,189	-	9,962,189	
Convertible corporate bonds converted into share capital and capital reserve	209,837	(472,826)	1,903,774	-	-	-	-	-	-	1,640,785	-	1,640,785	
Dividend declared (Note 17)	-	-	-	-	-	-	-	-	(2,331,574)	(2,331,574)	-	(2,331,574)	
Distribution of interests to shareholders of perpetual bonds (Note 17)	-	-	-	-	-	-	-	-	(1,044,000)	(1,044,000)	-	(1,044,000)	
Other comprehensive income that has been reclassified to retained profits	-	-	-	(63,456)	-	-	-	-	63,456	-	-	-	
At 30 June 2023 (unaudited)	10,347,117	25,425,054	26,955,425	1,647,982	(1,660)	44,735	23,634,654	(68,735)	29,583,387	117,567,959	23,393	117,591,352	

The accompanying notes form an integral part of this interim financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024  
(Amounts in thousands of Renminbi, unless otherwise stated)

	Equity attributable to owners of the Company											
	Reserves										Non-controlling interests	Total equity
	Share capital	Other equity instruments	Capital reserves	Investment revaluation reserve	Cash flow hedging reserve	Translation reserves	General reserves	Other reserves	Retained profits	Subtotal		
At 1 January 2024 (audited)	10,934,402	29,828,323	32,224,103	1,397,538	(859)	(25,485)	25,929,997	(90,654)	30,268,996	130,466,361	28,425	130,494,786
Profit for the period	-	-	-	-	-	-	-	-	4,387,820	4,387,820	230	4,388,050
Other comprehensive income for the period	-	-	-	2,805,419	-	(106,155)	-	-	-	2,699,264	-	2,699,264
Total comprehensive income for the period	-	-	-	2,805,419	-	(106,155)	-	-	4,387,820	7,087,084	230	7,087,314
Appropriation to general reserves	-	-	-	-	-	-	9,252	-	(9,252)	-	-	-
Dividend declared (Note 17)	-	-	-	-	-	-	-	-	(2,405,568)	(2,405,568)	-	(2,405,568)
Distribution of interests to shareholders of perpetual bonds (Note 17)	-	-	-	-	-	-	-	-	(1,215,500)	(1,215,500)	-	(1,215,500)
Other comprehensive income that has been reclassified to retained profits	-	-	-	(74,630)	-	-	-	-	74,630	-	-	-
At 30 June 2024 (unaudited)	10,934,402	29,828,323	32,224,103	4,128,327	(859)	(131,640)	25,939,249	(90,654)	31,101,126	133,932,377	28,655	133,961,032

The accompanying notes form an integral part of this interim financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
<b>OPERATING ACTIVITIES</b>			
Profit before income tax		4,542,357	5,156,233
Adjustments for:			
Interest expenses		5,282,485	5,094,547
Share of results of joint ventures		10,040	7,246
Depreciation and amortisation		576,023	531,431
Impairment losses, net of reversal		51,961	27,641
Credit loss expense		(180,786)	(79,178)
Gains on disposal of property and equipment and other intangible assets		(160)	(13,280)
Foreign exchange losses		37,141	981
Net realised gains from disposal of debt instruments measured at fair value through other comprehensive income		(1,301,419)	(460,000)
Net realised gains from disposal of equity instruments measured at fair value through other comprehensive income		(99,507)	–
Net realised gains from disposal of debt instruments measured at amortised cost		–	(25,307)
Interest income from debt instruments measured at fair value through other comprehensive income		(1,620,704)	(1,956,013)
Interest income from other financial assets		(30,611)	(34,968)
Dividend income from equity instruments measured at fair value through other comprehensive income		(828,071)	(844,454)
Interest income from debt instruments measured at amortised cost		(36,515)	(46,715)
Unrealised fair value gains on financial assets measured at fair value through profit or loss		(492,877)	(2,526,239)
Unrealised fair value losses on financial liabilities measured at fair value through profit or loss		291,527	1,032,588
Unrealised fair value gains on derivative financial instruments		(4,531,604)	(827,253)
		<b>1,669,280</b>	<b>5,037,260</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024  
(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
<b>OPERATING ACTIVITIES</b>			
Operating cash flows before movements in working capital		1,669,280	5,037,260
Decrease/(increase) in advances to customers		9,141,674	(1,617,777)
Increase in accounts receivable and other receivables and prepayments		(3,311,243)	(2,481,506)
(Increase)/decrease in financial assets held under resale agreements		(750,814)	926,120
Increase in financial assets at fair value through profit or loss and derivative financial assets		(35,814,546)	(48,970,902)
Decrease in deposits with exchanges and non-bank financial institutions		4,097,279	1,310,763
(Increase)/Decrease in clearing settlement funds – clients		(3,415,742)	557,859
(Increase)/Decrease in cash held on behalf of customers		(58,687,831)	9,452,664
Increase in accounts payable to brokerage clients, accrued staff costs and other payables and accruals		62,425,568	2,351,570
Increase in financial liabilities measured at fair value through profit or loss and derivative financial liabilities		22,556,182	18,947,718
Increase in financial assets sold under repurchase agreements		20,590,457	33,680,779
Decrease in amounts due to banks and other financial institutions		(4,590,000)	(4,902,000)
Decrease in restricted bank deposits		149,877	533,793
Cash from operations		14,060,141	14,826,341
Income taxes paid		(400,065)	(83,949)
Interest paid		(2,669,992)	(2,972,089)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>10,990,084</b>	<b>11,770,303</b>
<b>INVESTING ACTIVITIES</b>			
Dividends and interest received from investments		2,476,435	4,543,468
Purchases of property and equipment and other intangible assets		(188,194)	(307,361)
Proceeds from disposals of property and equipment and other intangible assets		2,987	14,077
Capital injection to joint ventures		(27,500)	140,306
Purchases of debt instruments at fair value through other comprehensive income		(132,093,622)	(107,160,948)
Proceeds from disposals of debt instruments at fair value through other comprehensive income		133,571,642	94,188,908
Purchases of equity instruments at fair value through other comprehensive income		(18,873,147)	(12,453,455)
Proceeds from disposals of equity instruments at fair value through other comprehensive income		12,378,021	13,513,318
Purchases of debt instruments measured at amortized cost		(307,163)	(442,959)
Proceeds from disposals of debt instruments measured at amortized cost		335,546	411,967
Placement of bank deposits with original maturity of more than three months		(1,220,061)	(554,841)
Maturity of bank deposits with original maturity of more than three months		1,095,867	730,135
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(2,849,189)</b>	<b>(7,377,385)</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
<b>FINANCING ACTIVITIES</b>			
Transaction costs paid on issuance of bonds		(64,151)	(59,245)
Proceeds from bonds issued		17,000,000	15,700,000
Repayment of bonds issued		(6,700,000)	(10,100,000)
Proceeds from debt instrument payables issued		12,346,808	13,274,780
Repayment of debt instrument issued		(27,318,885)	(24,992,209)
Proceeds from amounts due to banks and other financial institutions		–	569,513
Repayment of borrowing and financing payables		(812,263)	–
Cash repayment of third-party interests in consolidated structured entities		(38,315)	(39,146)
Interest paid in respect of bonds, borrowing and financial instrument payables		(1,729,254)	(1,411,954)
Dividends paid		(785,750)	(499,118)
Payment of lease liabilities		(320,077)	(302,837)
Proceeds from issuance of perpetual bonds		–	9,962,189
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(8,421,887)</b>	2,101,973
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(280,992)</b>	6,494,891
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>		<b>26,334,956</b>	26,779,084
Effect of foreign exchange rate changes		17,748	159,025
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	46	<b>26,071,712</b>	33,433,000
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:</b>			
Interest received		9,755,040	7,340,304

The accompanying notes form an integral part of this interim financial information.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
(Amounts in thousands of Renminbi, unless otherwise stated)

## 1. GENERAL INFORMATION

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

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

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

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

The unaudited interim condensed consolidated financial information was approved by the Board of Directors (the “Board”) on 29 August 2024.

## 2. ACCOUNTING POLICIES

### 2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2023.

### 2.2 Material accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements

The application of the revised IFRSs has had no significant impact on the interim condensed consolidated financial statements of the Group.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2023.

## 4. SEGMENT REPORTING

Information reported to the board of directors of the Company, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on the nature of products sold and services provided by the Group, which is also consistent with the Group's basis of organization, whereby the businesses are organized and managed separately as individual strategic business units that offer different products and serve different markets. Segment information is measured in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to the board of directors, which are consistent with the accounting and measurement criteria in the preparation of the interim condensed consolidated financial information.

Specifically, the Group's operating segments are as follows:

- (a) **Wealth Management:** This segment mainly provides clients with agency trading of stocks, funds, bonds, derivative financial instruments, etc., with financial services including investment advisory, portfolio advice, financial product sales and asset allocation, and offers them margin trading, stock-pledged repurchases, agreed repurchase transactions and so forth.
- (b) **Investment Banking:** It provides one-stop investment banking services for a variety of corporate and government clients, including equity financing, bond financing, structured financing, financial advisory, asset securitisation and diversified financing solutions.
- (c) **Institutional Business:** It is principally engaged in the provision of prime brokers, seat leasing, custody and fund services, investment research, sales and trading for institutional clients.
- (d) **International Business:** It primarily provides brokerage and sales, investment banking, research and asset management services to global institutional clients, corporate clients and retail clients through CGI, CGS International and other business platforms.
- (e) **Investment Trading:** It is engaged in investment trading of equity securities, fixed-income securities, commodities and derivative financial instruments with its own funds, and provides integrated financial solutions for clients' investment, financing and risk management.
- (f) **Other Parent-subsidiary Integration Business:** Focusing on "client demand", "professional development" and "collaborative income generation", the Group actively integrates the business platforms of subsidiaries, such as futures, private equity investment management, alternative investment and asset management, with the above-mentioned five business lines, in a bid to strengthen business collaboration and resources connection, and continuously offer integrated financial services for clients.

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties and there was no change in the basis during both periods. Segment profit or loss represents the profit earned or loss incurred by each segment without allocation of income tax expenses. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
(Amounts in thousands of Renminbi, unless otherwise stated)

## 4. SEGMENT REPORTING (CONTINUED)

Segment assets or liabilities are allocated to each segment, excluding deferred tax assets and liabilities. Inter-segment balance mainly resulted from futures brokerage transaction carried out by the wealth management segment for the proprietary trading and other securities trading services segment and are eliminated upon consolidation. The segment result excludes income tax expense while the segment assets and liabilities include prepaid taxes and current tax liabilities, respectively.

The Group operates in Mainland China, Hong Kong and other overseas areas, representing the locations of both income from external customers and assets of the Group. Segment revenue and all assets of the Group in respect of the international business segment are attributable to operations in Hong Kong and other overseas areas, while other segment revenue and assets of the Group are attributable to operations in Mainland China. No revenue from a single customer amounted to more than 10% to the Group's revenue for the six months 30 June 2024 and 2023.

The operating and reportable segment information provided to the CODM for the six months ended 30 June 2024 and 2023 is as follows:

	Wealth Management	Investment Banking	Institutional Business	International Business	Investment Trading	Other Parent-Subsidiary Integration Business	Reportable segment total	Others	Eliminations	Consolidated total
<b>For the six months ended 30 June 2024</b>										
<b>Segment revenue and results</b>										
Revenue and net investment gains										
– External	5,919,129	266,862	(697,260)	2,069,383	6,583,933	1,231,905	15,373,952	448,944	(200,911)	15,621,985
– Inter-segment	267,683	-	-	-	408	-	268,091	-	(268,091)	-
Other income	33,011	-	-	58,235	(40,306)	7,242,801	7,293,741	(4,809)	-	7,288,932
Segment revenue and other income	6,219,823	266,862	(697,260)	2,127,618	6,544,035	8,474,706	22,935,784	444,135	(469,002)	22,910,917
Segment expenses	3,910,591	230,320	199,867	1,925,342	3,193,258	8,203,957	17,663,335	1,074,671	(379,486)	18,358,520
Segment result	2,309,232	36,542	(897,127)	202,276	3,350,777	270,749	5,272,449	(630,536)	(89,516)	4,552,397
Share of result of joint ventures	-	-	-	-	-	(10,040)	(10,040)	-	-	(10,040)
Profit/(loss) before income tax	2,309,232	36,542	(897,127)	202,276	3,350,777	260,709	5,262,409	(630,536)	(89,516)	4,542,357
<b>As at 30 June 2024 (Unaudited)</b>										
<b>Segment assets and liabilities</b>										
Segment assets	230,064,383	32,227	31,510,933	39,142,702	373,836,768	91,563,326	766,150,339	240,986,619	(241,046,289)	766,090,669
Deferred tax assets										218,434
Group's total assets										766,309,103
Segment liabilities	224,522,684	(127,786)	31,334,797	30,950,746	328,182,495	77,421,085	692,284,021	143,995,618	(205,051,580)	631,228,059
Deferred tax liabilities										1,120,012
Group's total liabilities										632,348,071
<b>Other segment information</b>										
Depreciation and amortization	261,667	9,893	19,033	70,583	13,879	41,915	416,970	159,053	-	576,023
Impairment losses	(137,386)	(680)	(218)	(35,446)	(9,712)	55,861	(127,581)	(1,244)	-	(128,825)
Additions to non-current assets	22,482	-	-	22,040	-	6,124	50,646	110,512	-	161,158
Interest income from operations	3,658,728	49	29,149	1,070,398	(59,538)	530,634	5,229,420	235,053	-	5,464,473
Interest income from investments	-	-	-	9,412	1,647,740	-	1,657,152	-	-	1,657,152
Interest expenses	318,138	-	5,098	670,308	2,113,807	300,417	3,407,768	1,874,717	-	5,282,485

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

## 4. SEGMENT REPORTING (CONTINUED)

The operating and reportable segment information provided to the CODM for the six months ended 30 June 2024 and 2023 is as follows: (continued)

	Wealth Management	Investment Banking	Institutional Business	International Business	Investment Trading	Other Parent-Subsidiary Integration Business	Reportable segment total	Others	Eliminations	Consolidated total
For the six months ended 30 June 2023										
<b>Segment revenue and results</b>										
Revenue and net investment gains										
– External	6,383,567	171,299	461,028	1,813,985	5,567,459	1,361,063	15,758,401	111,925	(124,791)	15,745,535
– Inter-segment	134,145	–	–	–	46	–	134,191	–	(134,191)	–
Other income	50,775	–	–	83,458	1,049	7,150,213	7,285,495	(24,197)	–	7,261,298
Segment revenue and other income	6,568,487	171,299	461,028	1,897,443	5,568,554	8,511,276	23,178,087	87,728	(258,982)	23,006,833
Segment expenses	4,002,070	129,484	90,505	1,729,855	3,244,698	7,867,933	17,064,545	1,025,027	(246,218)	17,843,354
Segment result	2,566,417	41,815	370,523	167,588	2,323,856	643,343	6,113,542	(937,299)	(12,764)	5,163,479
Share of result of joint ventures	–	–	–	–	–	(7,246)	(7,246)	–	–	(7,246)
Profit/(loss) before income tax	2,566,417	41,815	370,523	167,588	2,323,856	636,097	6,106,296	(937,299)	(12,764)	5,156,233
As at 31 December 2023 (Audited)										
<b>Segment assets and liabilities</b>										
Segment assets	183,351,253	41,993	45,042,243	37,495,058	314,295,748	94,581,956	674,808,251	246,092,792	(257,971,901)	662,929,142
Deferred tax assets	–	–	–	–	–	–	–	–	–	276,155
Group's total assets	–	–	–	–	–	–	–	–	–	663,205,297
Segment liabilities	182,248,054	164,311	44,115,912	29,364,092	276,999,782	80,623,945	613,516,096	141,116,714	(222,131,600)	532,501,210
Deferred tax liabilities	–	–	–	–	–	–	–	–	–	209,301
Group's total liabilities	–	–	–	–	–	–	–	–	–	532,710,511
<b>Other segment information</b>										
Depreciation and amortization	249,437	9,883	9,794	76,402	8,895	38,311	392,722	138,709	–	531,431
Impairment losses	(63,684)	207	(8,805)	(1,507)	(6,182)	28,304	(51,667)	130	–	(51,537)
Additions to non-current assets	33,796	–	–	18,897	–	29,727	82,420	182,004	–	264,424
Interest income from operations	3,695,621	36	(80,686)	982,840	75,171	427,356	5,100,338	110,213	–	5,210,551
Interest income from investments	–	–	–	11,817	1,990,150	154	2,002,121	–	–	2,002,121
Interest expenses	312,704	–	10,248	452,038	2,185,820	209,907	3,170,717	1,922,703	766	5,094,186

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
(Amounts in thousands of Renminbi, unless otherwise stated)

## 5. COMMISSION AND FEE INCOME

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Commission on securities dealing and broking and handling fee income	2,761,206	3,131,096
Underwriting and sponsors' fees	267,859	166,250
Commission on futures and option contracts dealing and broking and handling fee income	212,936	179,896
Consultancy and financial advisory fee income	61,666	78,933
Asset management fee income	228,202	223,469
Others	43,878	1,633
	<b>3,575,747</b>	3,781,277

## 6. INTEREST INCOME

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Deposits with exchanges and non-bank financial institutions and bank balances	2,326,440	1,897,393
Advances to customers and securities lending	2,599,376	2,858,156
Financial assets held under resale agreements	507,979	506,070
Debt instruments measured at fair value through other comprehensive income	1,620,704	1,956,013
Debt instruments measured at amortized cost	36,515	46,715
Interest income from other financial assets	30,611	34,968
	<b>7,121,625</b>	7,299,315

## 7. INVESTMENT INCOME AND GAINS OR LOSSES

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Realized and unrealized gains/(losses) from		
– debt instruments measured at FVTOCI	1,301,419	460,000
– debt instruments measured at amortized cost	–	25,307
– financial assets measured at FVTPL	1,738,042	5,467,109
– financial liabilities designated at FVTPL	259,981	(1,068,242)
– derivatives	2,451,281	(204,578)
– financial liabilities held for trading	(1,654,181)	(859,107)
Dividend income from		
– equity instruments measured at FVTOCI	828,071	844,454
	<b>4,924,613</b>	4,664,943

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

## 8. OTHER INCOME, GAINS OR LOSSES

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Government grants	8,251	48,338
Gains or loss on disposals of property and equipment and other intangible assets	160	13,280
Foreign exchange gains or losses	(37,141)	(981)
Gross rental income	3,573	3,393
Others	127,673	196,695
	<b>102,516</b>	260,725

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

## 9. DEPRECIATION AND AMORTIZATION

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Depreciation for right-of-use assets	280,609	270,709
Depreciation for property and equipment	169,998	157,922
Depreciation for investment properties	98	99
Amortization of other intangible assets	125,318	102,701
	<b>576,023</b>	531,431

## 10. STAFF COSTS

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Salaries, bonus and allowances	2,746,525	2,808,865
Social welfare	505,568	442,825
Contributions to annuity schemes	143,730	135,840
Supplementary retirement benefits	4,160	2,480
Others	177,901	183,404
	<b>3,577,884</b>	3,573,414

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
(Amounts in thousands of Renminbi, unless otherwise stated)

## 11. COMMISSION AND FEE EXPENSES

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Securities and futures dealing and broking expenses	464,342	449,700
Underwriting and sponsors' fee expenses	19,076	7,965
Other service expenses	48,759	33,342
	<b>532,177</b>	491,007

## 12. INTEREST EXPENSES

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Presented below are interest expenses on the following liabilities:		
– Bonds payable	1,635,357	1,608,875
– Financial assets sold under repurchase agreements	1,872,474	1,879,509
– Debt instruments	276,928	306,417
– Accounts payable to brokerage clients	948,548	525,137
– Due to banks and other financial institutions	342,176	551,361
– Third-party interests in consolidated structured entities and others	207,002	223,248
	<b>5,282,485</b>	5,094,547

## 13. OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
General and administrative expenses	536,498	597,478
Value-added tax and surcharges	51,989	74,013
Minimum operating lease rentals in respect of rented premises	44,093	51,045
Data transmission expenses	189,781	148,509
Securities investor protection funds	41,840	42,338
Business travel expenses	62,223	47,787
Utilities expenses	16,965	16,953
Auditors' remuneration	6,173	3,086
Sundry expenses	465,634	270,630
	<b>1,415,196</b>	1,251,839

For the six months period ended 30 June 2024, included in "Other operating expenses" were operating lease expenses related to lease liabilities of RMB29 million.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

## 14. CREDIT LOSS EXPENSE AND IMPAIRMENT LOSSES, NET OF REVERSAL

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Credit loss expense:		
– Financial assets held under resale agreements (Note 24)	(1,639)	(42,037)
– Advances to customers (Note 31)	(134,074)	(24,381)
– Accounts receivable (Note 32)	4,548	(205)
– Other receivables (Note 28)	6,243	(6,962)
– Debt instruments measured at FVTOCI (Note 25)	(10,321)	(2,966)
– Debt instruments measured at amortized cost (Note 27)	(45,474)	(1,646)
– Bank balances	(69)	(981)
Impairment losses:		
– Inventories	51,961	28,537
– Intangible asset (Note 21)	–	(896)
	<b>(128,825)</b>	<b>(51,537)</b>

## 15. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Current income tax:		
– PRC Enterprise Income Tax	100,605	(646,131)
– Overseas Profits Tax	46,072	55,022
Underprovision in prior periods:		
– PRC Enterprise Income Tax	(23,804)	14,067
– Overseas Profits Tax	(1,722)	(33)
Subtotal	<b>121,151</b>	<b>(577,075)</b>
Deferred income tax (Note 30)	<b>33,156</b>	<b>793,878</b>
	<b>154,307</b>	<b>216,803</b>

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

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
(Amounts in thousands of Renminbi, unless otherwise stated)

## 16. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit attributable to Owners of the Company	4,387,820	4,939,222
Less: Profit attributable to other equity holders of the Company <sup>(1)</sup>	606,085	371,610
Profit attributable to ordinary equity holders of the Company	3,781,735	4,567,612
Weighted average number of shares in issue (thousand)	10,934,402	10,172,254
Basic earnings per share (in RMB)	0.35	0.45

(1) For the purpose of calculating basic earnings per ordinary share in respect for the six months period ended 30 June 2024, RMB606 million (six months period ended 30 June 2023: RMB372 million) attributable to perpetual subordinated bonds was deducted from profits attributable to equity holders of the Company.

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

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit attributable to ordinary equity holders of the Company	3,781,735	4,567,612
Add: interest expense on convertible bonds, net of tax for the six months ended 30 June	-	95,099
Net profit used to determine diluted earnings per share	3,781,735	4,662,711
Weighted average number of shares in issue (thousand)	10,934,402	10,172,254
Add: weighted average number of ordinary shares assuming conversion of all dilutive shares (thousand)	-	750,501
Weighted average number of ordinary shares for diluted earnings per share (thousand)	10,934,402	10,922,755
Diluted earnings per share (in RMB)	0.35	0.43



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

## 17. DIVIDENDS

Dividends for ordinary shareholders of the Company declared during the six months:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Dividends declared	2,405,568	2,331,574
Distribution to other equity instrument holders	1,215,500	1,044,000

On 28 June 2024, the Annual General Meeting reviewed and approved the Profit Distribution Plan for 2023. Accordingly, the Company decided to distribute a total cash dividend of RMB2,405.57 million for 2023 (2022: cash dividend of RMB2,331.57 million).

The dividend distributions by the Company triggered the mandatory interest payment event for perpetual subordinated bonds. As at 30 June 2024, the Company has recognized the dividend payable to other equity instrument holders of RMB1,215.50 million (31 December 2023: RMB1,044.00 million).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
(Amounts in thousands of Renminbi, unless otherwise stated)

## 18. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Electronic and communication equipment	Motor vehicles	Office equipment	Leasehold improvements	Total
<b>COST</b>						
As at 1 January 2023 (Audited)	280,075	1,229,110	76,196	135,405	353,173	2,073,959
Additions	–	211,362	1,852	10,658	84,291	308,163
Transfer or reclassification	–	2,756	–	(382)	–	2,374
Exchange gains or losses	72	262	(527)	(2,833)	1,574	(1,452)
Disposals/write-off	(10,661)	(67,872)	(6,242)	(12,398)	(39,690)	(136,863)
As at 31 December 2023 (Audited)	269,486	1,375,618	71,279	130,450	399,348	2,246,181
<b>ACCUMULATED DEPRECIATION</b>						
As at 1 January 2023 (Audited)	197,571	770,005	67,162	107,229	243,955	1,385,922
Charge for the year	11,337	237,810	2,213	11,001	55,616	317,977
Exchange gains or losses	72	(124)	(540)	(306)	1,106	208
Disposals/write-off	(8,197)	(66,349)	(5,401)	(11,669)	(35,940)	(127,556)
As at 31 December 2023 (Audited)	200,783	941,342	63,434	106,255	264,737	1,576,551
<b>CARRYING VALUE</b>						
As at 31 December 2023 (Audited)	68,703	434,276	7,845	24,195	134,611	669,630
<b>COST</b>						
As at 1 January 2024 (Audited)	269,486	1,375,618	71,279	130,450	399,348	2,246,181
Additions	–	180,559	1,674	12,958	25,803	220,994
Transfer or reclassification	–	–	–	(5)	5	–
Exchange gains or losses	(377)	(5,033)	(195)	(1,253)	(5,150)	(12,008)
Disposals/write-off	(2)	(211,577)	(7,255)	(10,628)	(13,877)	(243,339)
As at 30 June 2024 (Unaudited)	269,107	1,339,567	65,503	131,522	406,129	2,211,828
<b>ACCUMULATED DEPRECIATION</b>						
As at 1 January 2024 (Audited)	200,783	941,342	63,434	106,255	264,737	1,576,551
Charge for the period	5,638	123,565	1,082	4,850	34,863	169,998
Exchange gains or losses	(376)	(4,257)	(175)	(1,072)	(2,404)	(8,284)
Disposals/write-off	–	(56,068)	(6,182)	(3,762)	(13,400)	(79,412)
As at 30 June 2024 (Unaudited)	206,045	1,004,582	58,159	106,271	283,796	1,658,853
<b>CARRYING VALUE</b>						
As at 30 June 2024 (Unaudited)	63,062	334,985	7,344	25,251	122,333	552,975

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

## 19. LEASES

### (a) Right-of-use Assets

	<b>Buildings</b>
<b>Cost</b>	
As at 1 January 2023 (Audited)	2,817,587
Additions	555,016
Deductions	(334,343)
Exchange gains or losses	6,780
As at 31 December 2023 (Audited)	3,045,040
<b>Accumulated depreciation</b>	
As at 1 January 2023 (Audited)	1,129,635
Charge for the year	564,278
Deductions	(308,195)
Exchange gains or losses	3,059
As at 31 December 2023 (Audited)	1,388,777
<b>Net book value</b>	
As at 1 January 2023 (Audited)	1,687,952
As at 31 December 2023 (Audited)	1,656,263
<b>Cost</b>	
As at 1 January 2024 (Audited)	<b>3,045,040</b>
Additions	<b>136,824</b>
Deductions	<b>(104,064)</b>
Exchange gains or losses	<b>(8,005)</b>
As at 30 June 2024 (Unaudited)	<b>3,069,795</b>
<b>Accumulated depreciation</b>	
As at 1 January 2024 (Audited)	<b>1,388,777</b>
Charge for the period	<b>280,609</b>
Deductions	<b>(99,219)</b>
Exchange gains or losses	<b>(5,819)</b>
As at 30 June 2024 (Unaudited)	<b>1,564,348</b>
<b>Net book value</b>	
As at 1 January 2024 (Audited)	<b>1,656,263</b>
As at 30 June 2024 (Unaudited)	<b>1,505,447</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 19. LEASES (CONTINUED)

### (b) Lease Liabilities

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

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
Less than 1 year	801,688	764,194
Over 1 years	821,306	1,014,150
Undiscounted lease liabilities	<b>1,622,994</b>	1,778,344
Lease liabilities	<b>1,536,953</b>	1,695,730

## 20. GOODWILL

	<b>Goodwill</b>
<b>Gross carrying amount</b>	
As at 1 January 2024 (Audited)	1,032,951
Exchange loss	(7,896)
<b>As at 30 June 2024 (Unaudited)</b>	1,025,055
<b>Accumulated impairment losses</b>	
As at 1 January 2024 (Audited)	–
Impairment losses recognized during the reporting period	–
<b>As at 30 June 2024 (Unaudited)</b>	<b>–</b>
<b>Net book value</b>	
As at 1 January 2024 (Audited)	<b>1,032,951</b>
<b>As at 30 June 2024 (Unaudited)</b>	<b>1,025,055</b>

### Securities brokerage business cash-generating unit

In January 2007, the Company acquired the securities brokerage business, investment banking business and related assets and liabilities of former China Galaxy Securities Co., Ltd. (Hereinafter referred to as “former Galaxy Securities”), as well as the equity of Galaxy Futures held by former Galaxy Securities. The difference between the acquisition cost and the fair value of the identifiable net assets acquired in the acquisition business is recognized as goodwill of the Securities brokerage business cash-generating unit. As at 30 June 2024 and 31 December 2023, the gross carrying amount and net book value of goodwill were both RMB223 million.

The recoverable amount of the securities brokerage CGU has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, such estimation is based on the unit's past performance and management's expectations for the market development. The cash flows beyond the 5-year period are assumed to remain unchanged.

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## 20. GOODWILL (CONTINUED)

### CGS International Singapore business cash-generating unit

The Group acquired the CGS International Securities Pte. Ltd. (“CGS International Singapore”) in April 2019. The Group recognized the excess of acquisition cost over the fair value of the net identifiable assets acquired as the goodwill. As at 30 June 2024, the gross carrying amount and net book value of goodwill were RMB220 million (31 December 2023: RMB219 million).

For the purpose of impairment testing, CGS International Singapore is considered as a CGU as a whole based on the acquisition scope from the perspective of the directors of the Group. The CGU belongs to the International Business Segment. The main cash inflow generated by the CGU is basically independent of the cash inflow generated by other assets or CGUs, so it constitutes a CGU. The CGU is consistent with prior years.

Assumptions were used in the value in use calculation of the CGUs. The recoverable amount of the CGUs is based on the present value of expected future cash flows, which was determined based on financial forecasts approved by management covering a 7-year period. The cash flows beyond the 7-year period are assumed to remain unchanged.

### CGS International Malaysia business cash-generating unit

The Group acquired the CGS International Securities Malaysia Sdn. Bhd. (“CGS International Malaysia”) in December 2021. The Group recognized the goodwill of 100% equity held by the original controller of the asset group after confirming the identifiable assets and liabilities of the acquired business. As at 30 June 2024, the gross carrying amount and net book value of goodwill were RMB582 million (31 December 2023: RMB591 million).

For the purpose of impairment testing, CGS International Malaysia is considered as a CGU as a whole based on the acquisition scope from the perspective of the directors of the Group. The CGU belongs to the International Business Segment. The main cash inflow generated by the CGU is basically independent of the cash inflow generated by other assets or CGUs, so it constitutes a CGU. The CGU is consistent with prior years.

Assumptions were used in the value in use calculation of the CGUs. The recoverable amount of the CGUs is based on the present value of expected future cash flows, which was determined based on financial forecasts approved by management covering a 9-year period. The cash flows beyond the 9-year period are assumed to remain unchanged.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 21. OTHER INTANGIBLE ASSETS

	Trading rights	Trademark	Computer software and others	Total
<b>COST</b>				
As at 1 January 2023 (Audited)	305,011	5,343	1,041,864	1,352,218
Additions	–	–	289,735	289,735
Exchange gains or losses	10	39	16,652	16,701
Disposals/write-off	(1,400)	(5,382)	(1,112)	(7,894)
As at 31 December 2023(Audited)	303,621	–	1,347,139	1,650,760
<b>ACCUMULATED AMORTIZATION</b>				
As at 1 January 2023 (Audited)	–	5,343	595,692	601,035
Charge for the year	–	–	216,558	216,558
Exchange gains or losses	–	39	18,140	18,179
Disposals/write-off	–	(5,382)	(207)	(5,589)
As at 31 December 2023 (Audited)	–	–	830,183	830,183
<b>IMPAIRMENT</b>				
As at 1 January 2023 (Audited)	–	–	924	924
Others (Note 14)	–	–	(905)	(905)
Exchange gains or losses	–	–	17	17
As at 31 December 2023 (Audited)	–	–	36	36
<b>CARRYING VALUE</b>				
As at 31 December 2023 (Audited)	303,621	–	516,920	820,541
<b>COST</b>				
As at 1 January 2024 (Audited)	<b>303,621</b>	–	<b>1,347,139</b>	<b>1,650,760</b>
Additions	–	–	<b>100,834</b>	<b>100,834</b>
Exchange gains or losses	<b>(51)</b>	–	<b>11,526</b>	<b>11,475</b>
Disposals/write-off	–	–	<b>(122,508)</b>	<b>(122,508)</b>
As at 30 June 2024 (Unaudited)	<b>303,570</b>	–	<b>1,336,991</b>	<b>1,640,561</b>
<b>ACCUMULATED AMORTIZATION</b>				
As at 1 January 2024 (Audited)	–	–	<b>830,183</b>	<b>830,183</b>
Charge for the period	–	–	<b>125,318</b>	<b>125,318</b>
Exchange gains or losses	–	–	<b>14,857</b>	<b>14,857</b>
Disposals/write-off	–	–	<b>(122,478)</b>	<b>(122,478)</b>
As at 30 June 2024 (Unaudited)	–	–	<b>847,880</b>	<b>847,880</b>
<b>IMPAIRMENT</b>				
As at 1 January 2024 (Audited)	–	–	<b>36</b>	<b>36</b>
Exchange gains or losses	–	–	<b>(1)</b>	<b>(1)</b>
As at 30 June 2024 (Unaudited)	–	–	<b>35</b>	<b>35</b>
<b>CARRYING VALUE</b>				
As at 30 June 2024 (Unaudited)	<b>303,570</b>	–	<b>489,076</b>	<b>792,646</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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## 21. OTHER INTANGIBLE ASSETS (CONTINUED)

Trading rights mainly comprise the trading rights on the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Hong Kong Stock Exchange and Hong Kong Futures Exchange. These rights allow the Group to trade securities and futures contracts on or through these exchanges.

### Impairment testing on intangible assets with indefinite useful lives

The trading rights held by the Group are considered by the directors of the Company as having indefinite useful lives because they are expected to contribute net cash inflows indefinitely. These intangible assets will not be amortized until their useful lives are determined to be finite. Instead, they will be tested for impairment annually and whenever there is an indication that they may be impaired. They are assessed for impairment individually or attached to the relevant CGUs.

The respective recoverable amounts of these trading rights or CGUs where the trading rights are allocated to, using a value in use calculation, exceed their carrying amounts. Accordingly, there was no impairment of the trading rights as at 30 June 2024 and 31 December 2023

## 22. INTERESTS IN JOINT VENTURES

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

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
Investments in joint ventures		
As at 1 January	<b>244,771</b>	61,769
Cost of investments in joint ventures	<b>27,500</b>	185,318
Share of post-acquisition profits and other comprehensive income	<b>(10,041)</b>	(2,316)
Total	<b>262,230</b>	244,771

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 22. INTERESTS IN JOINT VENTURES (CONTINUED)

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

Name of entity	Country of registration	Principal place of business	Proportion of ownership interest held by the Group 30/6/2024	Proportion of voting rights held by the Group 30/6/2024	Principal activities
<b>Joint ventures:</b>					
China Securities Lize Real Estate (Beijing) Co., Ltd.*	PRC	China	34.16%	34.16%	Real estate development and property management
Gansu Jingning Galaxy Development Fund Co., Ltd.*	PRC	China	1.00%	33.33%	Equity investment and project investment
Gansu Jingning Galaxy Revitalization Fund Co., Ltd.*	PRC	China	1.00%	33.33%	Equity investment and project investment
Zhongshan Xingzhong Galaxy green industry investment fund LLP*	PRC	China	20.00%	60.00%	Equity investment and project investment
Yinhe core kinetic energy No. 1 equity investment fund (Yantai) partnership LLP*	PRC	China	1.85%	50.00%	Equity investment and project investment
Haiyan Yinhe fashion smart manufacturing equity investment fund partnership LLP*	PRC	China	19.90%	40.00%	Equity investment and project investment
Hainan Galaxy Shipeng New Kinetic Energy Industry Investment Fund Partnership LLP*	PRC	China	20.00%	50.00%	Equity investment and project investment
Komsomolskaya Galaxy Innovation No. 9 Equity Investment Partnership LLP*	PRC	China	5.00%	33.33%	Equity investment and project investment
Zhaoyuan Galaxy Hongxu Equity Investment Fund Partnership LLP*	PRC	China	19.90%	40.00%	Equity investment and project investment
Zhenjiang Yunfan Innovation Investment Fund Partnership LLP*	PRC	China	20.00%	28.57%	Equity investment and project investment
Huzhou Galaxy Furui Equity Investment Partnership*	PRC	China	20.00%	40.00%	Equity investment and project investment
Zhaoyuan Galaxy Hongbo Industrial Investment Partnership*	PRC	China	19.90%	40.00%	Equity investment and project investment
Jilin Galaxy Zhengyuan Digital Economy Private Equity Partnership LLP*	PRC	China	20.00%	60.00%	Equity investment and project investment
Qingdao Dongzheng Digital Source Yunlan Equity Investment Center LLP*	PRC	China	19.35%	60.00%	Equity investment and project investment
Changxing Galaxy Kunxin Equity Investment Fund Partnership LLP*	PRC	China	20.00%	40.00%	Equity investment and project investment
Shanghai No.0 Bay Innovation Ceyuan Private Equity Fund Partnership LLP*	PRC	China	1.00%	40.00%	Equity investment and project investment
Zhangjiagang Galaxy Ruiwen Emerging Industry Equity Investment Fund Partnership LLP*	PRC	China	20.00%	50.00%	Equity investment and project investment
Deqing Fengrui Equity Investment Partnership LLP*	PRC	China	20.00%	33.00%	Equity investment and project investment
Fuqi Galaxy (Fuzhou) Industrial Investment Partnership LLP*	PRC	China	19.80%	60.00%	Equity investment and project investment
Liaoning Galaxy Jiandong Fund Investment Partnership LLP*	PRC	China	5.00%	66.67%	Equity investment and project investment
Hainan Caijin Galaxy Private Equity Fund Management Co., Ltd	PRC	China	50.00%	60.00%	Equity investment and project investment
Tianjin Youda Galaxy Industrial Investment Fund Partnership LLP*	PRC	China	20.00%	60.00%	Equity investment and project investment

\* The joint venture does not have an official English name.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
<b>Non-current</b>		
Debt securities	<b>14,217,398</b>	23,762,993
Funds	<b>1,000,108</b>	538,189
Trust schemes	<b>362,581</b>	–
Other investments <sup>(a)</sup>	<b>12,030,560</b>	3,043,653
	<b>27,610,647</b>	27,344,835
<b>Current</b>		
Debt securities	<b>135,568,682</b>	84,058,231
Equity securities	<b>17,845,062</b>	30,278,759
Funds	<b>31,967,669</b>	26,500,805
Structured deposits and wealth management products	<b>3,265,156</b>	3,176,376
Trust schemes	<b>729,324</b>	1,214,934
Other investments <sup>(a)</sup>	<b>23,852,172</b>	32,374,002
Add: Accrued interest	<b>1,652,202</b>	1,235,550
	<b>214,880,267</b>	178,838,657

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 24. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
<b>Non-current</b>		
Analyzed by collateral type:		
Equity securities	<b>12,038,990</b>	11,484,332
Less: Impairment	<b>(21,970)</b>	(31,854)
	<b>12,017,020</b>	11,452,478
Analyzed by market of collateral:		
Stock exchanges	<b>12,017,020</b>	11,452,478
<b>Current</b>		
Analyzed by collateral type:		
Equity securities	<b>8,854,970</b>	9,555,298
Debt securities	<b>2,615,322</b>	1,714,599
Add: Accrued interest	<b>47,654</b>	51,893
Less: Impairment	<b>(33,366)</b>	(25,115)
	<b>11,484,580</b>	11,296,675
Analyzed by market of collateral:		
Stock exchanges	<b>10,776,914</b>	11,087,152
Interbank bond market	<b>699,002</b>	199,943
Over the counter	<b>8,664</b>	9,580

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

	<b>Six months ended 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
At the beginning of the period/year	<b>56,969</b>	191,495
Impairment losses recognized, net of reversal (Note 14)	<b>(1,639)</b>	(60,104)
Others	<b>6</b>	(74,422)
At the end of the period/year	<b>55,336</b>	56,969

As at 30 June 2024, the fair value of collateral received by the Group was approximately RMB50,100 million (31 December 2023: RMB63,429 million).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
<b>Non-current</b>		
Debt securities	–	90,829
<b>Current</b>		
Debt securities	97,670,942	95,918,175
Add: Accrued interest	1,223,360	1,348,934
	<b>98,894,302</b>	97,267,109

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

	Six months ended 30 June 2024 (Unaudited)	Year ended 31 December 2023 (Audited)
At the beginning of the period/year	184,412	198,646
Impairment losses recognized, net of reversal (Note 14)	(10,321)	(14,234)
At the end of the period/year	<b>174,091</b>	184,412

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

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
<b>Non-current</b>		
Equity securities	11,657,479	9,446,958
Perpetual bonds	42,201,179	35,724,652
Other investments	257,839	1,539
	<b>54,116,497</b>	45,173,149

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 27. DEBT INSTRUMENTS MEASURED AT AMORTIZED COST

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
<b>Non-current</b>		
Debt securities <sup>(1)</sup>	704,137	989,016
Less: Impairment	(28,864)	(29,065)
	<b>675,273</b>	959,951
<b>Current</b>		
Debt securities <sup>(1)</sup>	1,626,016	1,369,360
Add: Accrued interest	46,752	33,044
Less: Impairment	(19,218)	(64,332)
	<b>1,653,550</b>	1,338,072

(1) As at 30 June 2024, the interest rates on these debt securities were between 1.56% and 6.80% per annum (31 December 2023: 2.80%-6.80% per annum).

(2) The movements in the allowance for impairment of debt instruments measured at amortized cost are set out below:

	<b>Six months ended 30 June 2024 (Unaudited)</b>	Year ended 31 December 2023 (Audited)
At the beginning of the period/year	93,397	54,381
Impairment losses recognized, net of reversal (Note 14)	(45,474)	38,688
Exchange difference and others	159	328
At the end of the period/year	<b>48,082</b>	93,397

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 28. OTHER RECEIVABLES AND PREPAYMENTS

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
<b>Non-current</b>		
Prepayments	1,154,126	1,154,126
Repossessed assets	16,674	–
Others	21,247	22,735
	<b>1,192,047</b>	1,176,861
<b>Current</b>		
Prepaid taxes	17,527	–
Accrued interest	18,991	10,200
Prepayments	303,715	332,106
Margin financing clients receivable	202,141	202,857
Inventories	2,577,569	2,159,632
Customer trading deposits	3,207,777	2,821,008
Others	2,256,683	2,093,947
Subtotal	<b>8,584,403</b>	7,619,750
Less: Impairment	<b>(742,053)</b>	(735,771)
Total	<b>7,842,350</b>	6,883,979

As at 30 June 2024, the provision for impairment of inventories amounted to RMB77.04 million (31 December 2023: RMB19.58 million).

The movements in the allowance for impairment of other receivables are set out below:

	<b>Six months ended 30 June 2024 (Unaudited)</b>	Year ended 31 December 2023 (Audited)
At the beginning of the period/year	735,771	723,596
Impairment losses recognized, net of reversal (Note 14)	6,243	15,273
Exchange difference and others	39	(3,098)
At the end of the period/year	<b>742,053</b>	735,771

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 29. DEPOSITS WITH EXCHANGES AND NON-BANK FINANCIAL INSTITUTIONS

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
<b>Non-current</b>		
Deposits with stock exchanges	<b>323,528</b>	209,381
Deposits with futures and commodity exchanges	<b>14,591</b>	42,421
Guarantee fund paid to the Shenzhen Stock Exchange	<b>183,742</b>	472,041
Others	<b>774,119</b>	759,837
	<b>1,295,980</b>	1,483,680
<b>Current</b>		
Deposits with futures and commodity exchanges	<b>16,682,707</b>	20,571,570
Deposits with CSFCL	<b>185,278</b>	205,994
	<b>16,867,985</b>	20,777,564

## 30. DEFERRED TAXATION

For presentation purposes, certain deferred tax assets and deferred tax liabilities have been offset. The following is an analysis of the deferred tax balances for financial reporting purposes:

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
Deferred tax assets	<b>218,434</b>	276,155
Deferred tax liabilities	<b>1,120,012</b>	209,301
	<b>(901,578)</b>	66,854

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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## 30. DEFERRED TAXATION (CONTINUED)

The movements of deferred tax assets and liabilities are set out below:

	Changes in fair value of financial assets at fair value through profit or loss	Changes in fair value of financial assets at FVOCI	Accrued staff costs	Allowance for impairment losses	Accrued interest expenses	Accrued expenses	Changes in fair value of derivative instruments	Accrued interest income	Provisions	Lease liabilities	Unrecovered losses	Right-of-use assets	Others	Total
As at 1 January 2023	(144,304)	6,489	618,162	335,269	628,763	81,366	(10,012)	(1,375,023)	-	454,571	-	(421,988)	31,189	204,422
(Charge)/credit to profit or loss	(380,850)	-	321,436	(15,999)	107,960	3,861	(880,228)	(64,055)	9,491	3,678	1,224,097	7,922	32,745	370,058
Credit to other comprehensive income	-	(472,692)	-	-	-	-	-	-	-	-	-	-	-	(472,692)
Credit to retained profits	-	-	-	-	-	-	-	-	-	-	(94,934)	-	-	(94,934)
As at 31 December 2023 (Audited)	(525,214)	(466,203)	939,598	319,270	736,723	85,227	(880,240)	(1,439,078)	9,491	458,249	1,189,163	(414,066)	63,934	66,854
(Charge)/credit to profit or loss	381,023	-	7,166	(23,744)	169,438	24,449	(1,257,574)	19,271	(9,491)	(73,003)	652,680	37,704	38,926	(33,155)
Credit to other comprehensive income	-	(910,400)	-	-	-	-	-	-	-	-	-	-	-	(910,400)
Credit to retained profits	-	-	-	-	-	-	-	-	-	-	(24,877)	-	-	(24,877)
As at 30 June 2024 (Unaudited)	(144,191)	(1,376,603)	946,764	295,526	906,161	109,676	(2,147,814)	(1,419,807)	-	385,246	1,816,966	(376,362)	102,860	(901,578)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes, if any, and the taxes are to be levied by the same tax authority, and of the same taxable entity.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 31. ADVANCES TO CUSTOMERS

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
<b>Current</b>		
Loans to margin clients	<b>78,919,557</b>	87,746,331
Other loans and advances	<b>315,832</b>	237,578
Add: Interest receivable	<b>3,151,352</b>	3,544,505
Less: Impairment	<b>(176,796)</b>	(310,515)
	<b>82,209,945</b>	91,217,899

- (1) The credit facility limits for margin clients are determined by the discounted market value of the collateral securities accepted by the Group.

No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value to the users of this interim condensed consolidated financial information in view of the nature of business of securities margin financing.

The Group determines the allowance for advances to customers based on the evaluation of collectability and on management's judgment including the assessment of change in credit quality and collateral.

- (2) The movements in the allowance for impairment are set out below:

	<b>Six months ended 30 June 2024 (Unaudited)</b>	Year ended 31 December 2023 (Audited)
At the beginning of the period/year	<b>310,515</b>	262,411
Impairment losses recognized, net of reversal (Note 14)	<b>(134,074)</b>	49,624
Amounts written off	<b>–</b>	(2,065)
Exchange difference and others	<b>355</b>	545
At the end of the period/year	<b>176,796</b>	310,515

The concentration of credit risk is limited due to the customer base being large and diversified.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 32. ACCOUNTS RECEIVABLE

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
Accounts receivable of:		
Client securities settlement	3,596,178	2,669,375
Brokers and dealers	9,735,612	7,512,067
Clearing house	1,675,121	2,674,549
Underwriting and sponsors fee	35,377	29,630
Trading rights rental commission	72,824	65,946
Asset management and funds distribution handling fees	354,769	147,125
Others	56,685	41,262
Subtotal	<b>15,526,566</b>	13,139,954
Less: Impairment	<b>(196,743)</b>	(196,750)
Total	<b>15,329,823</b>	12,943,204

An aging analysis of accounts receivable is as follows:

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
Within 1 year	15,279,801	12,886,502
Between 1 and 2 years	6,409	7,885
Between 2 and 3 years	28,874	33,604
Over 3 years	14,739	15,213
	<b>15,329,823</b>	12,943,204

The movements in the allowance for impairment of accounts receivable are set out below:

	<b>Six months ended 30 June 2024 (Unaudited)</b>	Year ended 31 December 2023 (Audited)
At the beginning of the period/year	196,750	184,869
Impairment losses recognized, net of reversal (Note 14)	4,548	5,110
Amounts written off	(519)	(2,321)
Exchange difference and others	(4,036)	9,092
At the end of the period/year	<b>196,743</b>	196,750

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
(Amounts in thousands of Renminbi, unless otherwise stated)

## 33. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2024 (Unaudited)		
	Nominal amounts	Assets	Liabilities
Hedging instruments			
Currency forward	123,770	28	–
Commodity futures	1,327,692	–	–
Non-hedging instruments			
Equity Derivatives	246,166,811	11,673,318	2,000,350
Interest Rate Derivatives	1,184,115,220	–	2,342
Other Derivatives	8,153,833	305,018	192,113
<b>Total</b>	<b>1,439,887,326</b>	<b>11,978,364</b>	<b>2,194,805</b>

	As at 31 December 2023 (Audited)		
	Nominal amounts	Assets	Liabilities
Hedging instruments			
Currency forward	138,676	–	375
Commodity futures	1,534,753	–	–
Non-hedging instruments			
Equity Derivatives	225,369,947	6,796,248	1,829,895
Interest Rate Derivatives	1,066,223,462	–	669
Other Derivatives	99,461,036	1,608,787	3,684,974
<b>Total</b>	<b>1,392,727,874</b>	<b>8,405,035</b>	<b>5,515,913</b>

- (1) Under the daily mark-to-market and settlement arrangement, stock index futures, interest rate swaps, treasury bond futures and commodity futures were settled daily and the corresponding receipts and payments were included in clearing settlement funds.

## 34. CLEARING SETTLEMENT FUNDS

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Clearing settlement funds held with clearing houses for:		
– House accounts	10,993,218	9,341,348
– Clients accounts	21,933,662	18,516,938
Add: Accrued interest	40,909	41,890
<b>Total</b>	<b>32,967,789</b>	<b>27,900,176</b>

These clearing settlement funds are held by the clearing houses for the Group and these balances carry interest at prevailing market interest rates.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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## 35. BANK BALANCES

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
House accounts	<b>16,902,129</b>	18,843,909
Cash held on behalf of customers	<b>153,196,233</b>	94,508,403
Add: Accrued interest	<b>257,397</b>	272,891
	<b>170,355,759</b>	113,625,203

Bank balances comprise time and demand deposits at banks which bear interest at the prevailing market rates.

The Group maintains accounts with banks to hold customers' deposits arising from normal business transactions. The corresponding liabilities are recorded as accounts payable to brokerage clients (Note 43).

As at 30 June 2024, the expected credit losses ("ECLs") allowance for bank balances amounted to RMB1.01 million (31 December 2023: RMB1.10 million).

## 36. SHARE CAPITAL

The Company's number of shares and nominal value are as follows:

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
Issued and fully paid ordinary shares of RMB1 each (in thousands)		
Domestic shares	<b>7,243,417</b>	7,243,417
H shares	<b>3,690,985</b>	3,690,985
	<b>10,934,402</b>	10,934,402
Share capital (in RMB thousands)		
Domestic shares	<b>7,243,417</b>	7,243,417
H shares	<b>3,690,985</b>	3,690,985
	<b>10,934,402</b>	10,934,402

## 37. OTHER EQUITY INSTRUMENTS

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
Perpetual subordinated bonds	<b>29,828,323</b>	29,828,323
	<b>29,828,323</b>	29,828,323

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 37. OTHER EQUITY INSTRUMENTS (CONTINUED)

On 24 November 2020, the Company issued RMB5 billion perpetual subordinated bonds (“20 Yinhe Y1”) at par, with a coupon rate of 4.80%. The bonds are redeemable or repayable at the Company’s option at the end of each repricing period, which is every 5 years.

On 29 March 2021, the Company issued RMB5 billion perpetual subordinated bonds (“21 Yinhe Y1”) at par, with a coupon rate of 4.57%. The bonds are redeemable or repayable at the Company’s option at the end of each repricing period, which is every 5 years.

On 21 April 2021, the Company issued RMB5 billion perpetual subordinated bonds (“21 Yinhe Y2”) at par, with a coupon rate of 4.30%. The bonds are redeemable or repayable at the Company’s option at the end of each repricing period, which is every 5 years.

On 18 May 2023, the Company issued RMB5 billion perpetual subordinated bonds (“23 Yinhe Y1”) at par, with a coupon rate of 3.63%. The bonds are redeemable or repayable at the Company’s option at the end of each repricing period, which is every 5 years.

On 9 June 2023, the Company issued RMB5 billion perpetual subordinated bonds (“23 Yinhe Y2”) at par, with a coupon rate of 3.58%. The bonds are redeemable or repayable at the Company’s option at the end of each repricing period, which is every 5 years.

On 17 November 2023, the Company issued RMB5 billion perpetual subordinated bonds (“23 Yinhe Y3”) at par, with a coupon rate of 3.43%. The bonds are redeemable or repayable at the Company’s option at the end of each repricing period, which is every 5 years.

The above five issues of bonds are set with the issuer’s renewal option and no investor’s resale option. At the end of each repricing cycle of the current bonds, the issuer has the right to choose to extend the current bonds for one repricing cycle, which is for five years, or pay the current bonds in full, while the investor has no right to require the issuer to redeem the current bonds.

The coupon rate for the perpetual subordinated bonds is fixed in the first 5 years and will be repriced every 5 years. The coupon rate will be repriced as the sum of the current basis rate, the initial spread, and an additional 300 basis points. The repriced coupon rate will remain unchanged in the next 5 years. The current basis rate is defined as the average yields of 5 years treasury bonds from the interbank fixed rate bond yield curve published on China Bond website 5 working days before the interest repricing date.

The issuer has the right to defer interest payments, unless “Mandatory interest payments events” have been triggered, so that at each interest payment date, the issuer may choose to defer the current interest payment, as well as any previously deferred interest payments and accreted interests thereon, to the next payment date, without being subject to any limitation with respect to the number of deferrals. Mandatory interest payment events are only triggered when there are distributions of dividends to ordinary equity holders or reductions of registered capital.

The perpetual subordinated bonds issued by the Company are classified as equity instruments and presented under equity in the Group’s statement of financial position.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 38. BONDS PAYABLE

As at 30 June 2024 and 31 December 2023, bonds payable comprised subordinated bonds and corporate bonds.

Details of the bonds issued by the Group are as follows:

### Non-current

Issue date	Maturity date	Coupon rate	As at 30 June 2024 (Unaudited) Carrying amount	As at 31 December 2023 (Audited) Carrying amount
18 January 2022	18 January 2025	3.15%	–	3,086,066
21 March 2022	21 March 2025	3.38%	–	1,081,295
08 August 2022	08 August 2025	2.72%	3,377,042	3,330,882
13 January 2023	13 January 2025	3.58%	–	2,581,595
17 April 2023	17 April 2025	3.09%	–	1,019,483
17 April 2023	17 April 2026	3.34%	4,018,281	4,082,961
20 July 2021	20 July 2026	3.45%	1,856,150	1,824,506
26 April 2022	26 April 2025	2.95%	–	1,527,829
09 June 2022	09 June 2025	3.06%	–	5,077,022
26 July 2022	26 July 2025	2.83%	2,050,208	2,020,623
11 August 2022	11 August 2027	3.08%	5,125,066	5,046,390
05 September 2022	05 September 2025	2.54%	1,019,340	1,006,046
05 September 2022	05 September 2027	2.95%	4,087,103	4,026,756
17 February 2023	17 February 2025	3.09%	–	1,024,793
17 February 2023	17 February 2026	3.28%	3,030,150	3,024,244
09 March 2023	09 March 2025	3.25%	–	1,077,598
09 March 2023	09 March 2026	3.35%	3,226,479	3,278,507
17 July 2023	17 July 2026	2.74%	3,071,050	3,028,175
17 July 2023	17 July 2028	3.08%	2,052,862	2,013,178
18 August 2023	18 August 2026	2.66%	2,040,963	2,016,123
18 August 2023	18 August 2028	2.98%	3,062,139	3,021,392
14 September 2023	14 September 2026	2.95%	3,068,398	3,022,688
14 September 2023	14 September 2028	3.20%	1,022,280	1,005,947
14 September 2023	14 September 2033	3.33%	1,022,998	1,006,205
18 October 2023	18 October 2026	3.08%	4,584,474	4,512,534
14 December 2023	14 December 2026	2.98%	2,026,415	1,995,438
14 December 2023	14 December 2028	3.14%	3,041,358	2,993,255
11 March 2024	11 March 2027	2.60%	2,009,105	–
11 March 2024	11 March 2029	2.75%	4,019,364	–
27 May 2024	27 May 2027	2.35%	2,496,563	–
27 May 2024	27 May 2029	2.45%	2,496,586	–
18 January 2024	18 January 2027	2.84%	5,048,080	–
29 January 2024	29 January 2026	2.75%	1,008,697	–
			<b>69,861,151</b>	68,731,531

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 38. BONDS PAYABLE (CONTINUED)

### Current

Issue date	Maturity date	Coupon rate	As at 30 June 2024 (Unaudited) Carrying amount	As at 31 December 2023 (Audited) Carrying amount
18 January 2022	18 January 2024	2.97%	–	1,028,235
08 August 2022	08 August 2024	2.46%	1,737,266	1,715,210
20 July 2021	20 July 2024	3.13%	3,294,946	3,242,991
09 August 2021	09 August 2024	3.15%	4,112,223	4,047,508
15 September 2021	15 September 2024	3.30%	1,338,893	1,316,804
28 September 2021	28 September 2024	3.40%	1,025,552	1,008,127
20 October 2021	20 October 2024	3.55%	1,844,043	1,811,331
22 November 2021	22 November 2024	3.35%	3,671,889	3,610,056
20 December 2021	20 December 2024	3.20%	4,061,027	3,995,398
26 July 2022	26 July 2024	2.60%	2,048,438	2,020,728
18 January 2022	18 January 2025	3.15%	3,040,573	–
21 March 2022	21 March 2025	3.38%	1,064,318	–
13 January 2023	13 January 2025	3.58%	2,539,081	–
17 April 2023	17 April 2025	3.09%	1,004,850	–
26 April 2022	26 April 2025	2.95%	1,506,465	–
09 June 2022	09 June 2025	3.06%	5,003,038	–
21 January 2021	21 January 2024	3.58%	–	3,307,969
04 February 2021	04 February 2024	3.67%	–	2,582,690
17 February 2023	17 February 2025	3.09%	1,010,243	–
09 March 2023	09 March 2025	3.25%	1,008,804	–
			<b>39,311,649</b>	29,687,047

All of these bonds are denominated in RMB.

## 39. DEBT INSTRUMENTS

	As at 30 June 2024 (Unaudited) Carrying amount	As at 31 December 2023 (Audited) Carrying amount
<b>Non-current</b>		
Structured notes <sup>(2)</sup>	66,692	309,594
	<b>66,692</b>	309,594
<b>Current</b>		
Short-term financing bills <sup>(1)</sup>	12,408,305	25,194,318
Structured notes <sup>(2)</sup>	1,174,812	3,033,412
Total	<b>13,583,117</b>	28,227,730

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 39. DEBT INSTRUMENTS (CONTINUED)

### (1) Short-term financing bills

The details of short-term financing bills as at 30 June 2024 are as follows:

Name	Issue amount RMB'000	Value date	Maturity date	Coupon rate
23 CGS CP006	2,000,000	22 November 2023	22 August 2024	2.65%
24 CGS CP002	2,000,000	15 April 2024	16 July 2024	2.01%
24 CGS CP003	2,000,000	21 May 2024	20 September 2024	1.91%
24 CGS CP004	3,000,000	17 June 2024	17 October 2024	1.91%
24 CGS CP005	2,000,000	21 June 2024	24 September 2024	1.88%
Commercial Paper	71,994	18 April 2024	18 July 2024	4.30%
Commercial Paper	31,799	18 April 2024	18 July 2024	6.10%
Commercial Paper	116,492	18 April 2024	18 July 2024	4.30%
Commercial Paper	57,511	18 April 2024	18 July 2024	6.10%
Commercial Paper	151,034	04 June 2024	04 September 2024	4.05%
Commercial Paper	906,202	21 June 2024	20 September 2024	4.09%

### (2) Structured notes

Structured notes are a special type of financing allowed by CSRC.

As at 30 June 2024, for structured notes issued by the Company, their coupon rates were from 2.30% to 3.15% (31 December 2023: 1.95% to 6.00%).

## 40. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

### (1) Financial liabilities held for trading:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
<b>Current</b>		
Equity Securities	75,819	328,970
Debt Securities	47,841,072	18,622,873
	<b>47,916,891</b>	18,951,843

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 40. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

### (2) Financial liabilities designated as at fair value through profit or loss:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
<b>Non-current</b>		
Financing payables <sup>(1)</sup>	2,898,000	6,181,322
	<b>2,898,000</b>	6,181,322
<b>Current</b>		
Financing payables <sup>(1)</sup>	13,509,965	14,068,340
Structured products embedded with equity swaps <sup>(2)</sup>	194,084	452,670
Others	349,190	-
	<b>14,053,239</b>	14,521,010

(1) Financing payables are financing instruments issued by the Group and their returns to holders are mainly linked to the performance of stock index, bond index, gold contracts and ETF funds.

(2) Structured products embedded with equity swaps are payable to the clients at maturity of the corresponding derivatives and their balance is linked to the performance of the corresponding equity swaps.

## 41. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
<b>Non-current</b>		
Third-party interests in consolidated structured entities	196,672	179,311
	<b>196,672</b>	179,311
<b>Current</b>		
Third-party interests in consolidated structured entities	86,513	142,189
Customer trading deposits	38,184,545	40,088,306
Other payables to trading clients	2,128,296	1,048,780
Settlement payable	9,415,238	7,888,589
Value-added tax and other taxes	136,131	179,762
Accrued expenses	1,217,710	804,233
Sundry payables	39,771	31,773
Payable for the securities investor protection fund	67,776	64,297
Dividends payable	3,639,949	804,631
Payable deposits with stock exchanges	2,734,660	209,185
Others	2,115,164	2,448,301
	<b>59,765,753</b>	53,710,046



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 42. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
Unsecured short-term bank loans <sup>(1)</sup>	<b>11,481,684</b>	12,823,947
Margin funds loans <sup>(2)</sup>	–	4,060,000
Add: Interest payable	<b>18,834</b>	72,941
	<b>11,500,518</b>	16,956,888

(1) As at 30 June 2024, the unsecured short-term bank loans bore interest at variable interest rates at 2.40% to 5.98% (As at 31 December 2023, the unsecured short-term bank loans bore interest at 1.42%-7.52% per annum) and were repayable within 1 year (31 December 2023: within 1 year).

(2) The margin funds loans borrowed by the Group from CSFCL are secured by cash collateral of RMB96 million and shares listed in the PRC with a fair value of approximately RMB663 million.

## 43. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

The majority of the accounts payable balances are repayable on demand except where certain balances represent margin deposits and cash collateral received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value to the readers of this interim condensed consolidated financial information in view of the nature of these businesses.

Accounts payable to brokerage clients mainly include money held on behalf of clients at banks and at clearing houses by the Group, and are interest-bearing at the prevailing market interest rates.

As at 30 June 2024, included in the Group's accounts payable to brokerage clients were approximately RMB8,708 million (31 December 2023: RMB8,222 million) received from clients for margin financing and securities lending arrangements.

## 44. ACCRUED STAFF COSTS

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
Salaries, bonus and allowances	<b>5,337,633</b>	5,374,788
Social welfare	<b>25,373</b>	27,091
Annuity schemes	<b>27,050</b>	30,133
Supplementary retirement benefits	<b>438,577</b>	443,917
Early retirement benefits	<b>359</b>	390
Others	<b>163,981</b>	167,436
	<b>5,992,973</b>	6,043,755

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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(Amounts in thousands of Renminbi, unless otherwise stated)

## 45. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
<b>Current</b>		
Analyzed by collateral type:		
Debt securities	<b>162,943,682</b>	133,380,178
Funds	<b>11,078,198</b>	12,076,671
Shares	<b>121,046</b>	120,184
Gold	<b>7,312,467</b>	15,287,904
Add: Interests payable	<b>381,840</b>	487,618
	<b>181,837,233</b>	161,352,555
Analyzed by market of collateral:		
Stock exchanges	<b>85,593,212</b>	81,407,440
Interbank bond market	<b>87,918,996</b>	63,396,590
Over the counter	<b>7,943,185</b>	16,060,907
Add: Interests payable	<b>381,840</b>	487,618
	<b>181,837,233</b>	161,352,555

Financial assets sold under repurchase agreements bear effective interest at 1.12% to 6.16% (31 December 2023: 1.45%-8.80% per annum).

## 46. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
Bank balances – house accounts	<b>15,078,494</b>	16,993,608
Clearing settlement funds – house accounts	<b>10,993,218</b>	9,341,348
	<b>26,071,712</b>	26,334,956

Cash and cash equivalents do not include bank deposits held by the Group with original maturity of more than three months. As at 30 June 2024, bank deposits held by the Group with original maturity of more than three months were RMB1,219 million (31 December 2023: RMB1,096 million) and there were bank deposits restricted for use of RMB605 million (31 December 2023: RMB754 million).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

## 47. INTERESTS IN STRUCTURED ENTITIES

### (a) Structured entities set up and managed by the Group

Structured entities consolidated by the Group include the asset management schemes, funds and other investments where the Group involves as investment manager or investment consultant and also as investor. These special vehicles issue units to investors, including the Group, to finance their operations, which are primarily investments in various debt and equity instruments.

As at 30 June 2024, the total assets of the consolidated structured entities were RMB39,139 million (31 December 2023: RMB40,166 million) and the total net assets of the consolidated structured entities were RMB38,914 million (31 December 2023: RMB39,007 million). The carrying amount of third party interests in the consolidated structured entities were RMB283 million (31 December 2023: RMB322 million), and these interests are presented in Note 41.

The Group also has interests in unconsolidated collective asset management schemes which the remuneration of the Group is commensurate with the services provided and the variable returns the Group exposed to are not considered to be significant. The Group therefore considers such decision-making rights are acting as an agent for the investors and hence did not consolidate these structured entities.

The amount of unconsolidated structured entities managed by the Group was RMB101,330 million as at 30 June 2024 (31 December 2023: RMB90,214 million). The Group's interests in these unconsolidated structured entities are equal to the maximum exposure to loss of interests held by the Group, which amounted to RMB285 million as at 30 June 2024 (31 December 2023: RMB249 million).

During the period, management fee income and investment gains from the unconsolidated asset management schemes managed by the Group amounted to RMB228 million (Six months ended 30 June 2023: RMB220 million).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 47. INTERESTS IN STRUCTURED ENTITIES (CONTINUED)

### (b) Structured entities set up and managed by third party institutions in which the Group holds interests

The types of structured entities that the Group does not consolidate but in which it holds interests include funds, asset management schemes, trust schemes, asset-backed securities and wealth management products issued by banks or other financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These vehicles are financed through the issue of units to investors.

The carrying amount of the related accounts in the consolidated statement of financial position is equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities as at 30 June 2024 and 31 December 2023, which are listed below:

	<b>As at 30 June 2024 (Unaudited) Financial assets measured at fair value through profit or loss</b>	As at 31 December 2023 (Audited) Financial assets measured at fair value through profit or loss
Carrying amount of interests held by the Group		
– Funds	<b>32,967,777</b>	27,038,994
– Trust schemes and wealth management products	<b>3,170,598</b>	3,227,497
– Asset management schemes	<b>85,347</b>	165,841
– Others	<b>15,937,795</b>	18,267,625
Total	<b>52,161,517</b>	48,699,957

## 48. CAPITAL COMMITMENTS

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
Contracted but not provided for		
Leasehold improvements	<b>30,925</b>	14,676
Property and equipment	<b>300,829</b>	110,503
Total	<b>331,754</b>	125,179

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## 49. RELATED PARTY TRANSACTIONS

### (a) Transactions and balances with governmental related entities operated in the PRC

#### (1) Immediate holding company and its fellow subsidiaries

Galaxy Financial Holdings is a financial holding company approved by the State Council of the PRC and was established in Beijing on 8 August 2005. Galaxy Financial Holdings owned 5,186,538,364 shares (31 December 2023: 5,186,538,364 shares), representing 47.43% of the entire equity interest of the Company as at 30 June 2024 (31 December 2023: 47.43%). The shareholders of Galaxy Financial Holdings are Central Huijin Investment Ltd. (“Central Huijin”) with 69.07% equity interest, the Ministry of Finance (the “MOF”) with 29.32% equity interest and the National Council for Social Security Fund (the “SSF”) with 1.61% equity interest.

Central Huijin is a wholly-owned subsidiary of China Investment Corporation Limited, and is established in Beijing, PRC. Central Huijin was established to hold certain equity investments as authorized by the State Council and does not engage in other commercial activities. Central Huijin exercises legal rights and obligations in the Group on behalf of the PRC Government.

The MOF is one of the ministries under the State Council, primarily responsible for state fiscal revenue and expenditures, and taxation policies.

The SSF is a government agency at the ministerial level directly under the State Council of the PRC, primarily responsible for the management and operation of National Social Security Fund.

During the six months ended 30 June 2024 and 30 June 2023, the Group provided securities brokerage and asset management services to Galaxy Financial Holdings and its subsidiaries and details of the significant transactions and balances as at 30 June 2024 and 31 December 2023 are set out below.

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
Accounts receivable	1,116	2,575
Accounts payable to brokerage clients	44,451	16,865
Other assets	–	663
Financial liabilities measured at fair value through profit or loss	100,041	828,434
Other liabilities	6	6
	<b>Six months ended 30 June</b>	
	<b>2024 (Unaudited)</b>	2023 (Unaudited)
Commission and fee income	4,649	8,191
Investment income and gains or losses	(1,695)	(2,297)
Interest expenses	839	476
Rental expenses paid or payable	–	2,254

As at 30 June 2024, accounts payable to brokerage clients from Galaxy Financial Holdings amounted to RMB1.37 million (31 December 2023: RMB0.22 million).

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For the six months ended 30 June 2024  
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## 49. RELATED PARTY TRANSACTIONS (CONTINUED)

### (a) Transactions and balances with governmental related entities operated in the PRC (Continued)

#### (2) Central Huijin Group

Central Huijin holds equity interests in a number of banks and non-bank financial institutions in the PRC under the direction of the Chinese government (collectively referred to as the “Central Huijin Group”). The Group enters into transactions with Central Huijin Group under normal commercial terms. Such transactions mainly include deposits at banks, securities and futures dealing and broking, underwriting of equity and debt securities, and purchases and sales of equity and debt securities issued by banks and non-bank financial institutions within the Central Huijin Group.

#### *The Group’s material transactions with the Central Huijin Group*

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Commission and fee income	47,241	22,884
Interest income from banks and other financial institutions within the Central Huijin Group	791,706	480,536
Investment gains of equity and debt securities issued by banks and other financial institutions within the Central Huijin Group	441,106	29,850
Interest expenses to brokerage clients within the Central Huijin Group	422,363	225,810
Other operating expenses	3,036	45,445

#### *The Group’s material balances with the Central Huijin Group*

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
	Equity and debt securities issued by banks and non-bank financial institutions within the Central Huijin Group classified as	
– financial assets measured at FVTOCI-Bond	1,584,657	590,006
– financial assets measured at FVTPL	10,775,561	6,279,774
– financial assets measured at FVTOCI-Equity	6,222,534	3,002,646
– financial assets measured at AC	391,611	388,718
Bank balances deposited with banks within the Central Huijin Group	109,655,794	56,065,113
Derivative financial assets	1,462,269	824,752
Accounts receivable	10,317	7,421
Right-of-use assets	15,054	16,666
Other receivables and prepayments	87,333	1,529
Due to banks and other financial institutions	1,673,443	2,697,128
Derivative financial liabilities	290,702	301,905
Financial assets sold under repurchase agreements	37,019,965	45,024,802
Accounts payable to brokerage clients within the Central Huijin Group	2,031	527,077
Lease liabilities	15,516	16,650
Other payables and accruals	2,891,348	1,658,946

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## 49. RELATED PARTY TRANSACTIONS (CONTINUED)

### (a) Transactions and balances with governmental related entities operated in the PRC (Continued)

#### (3) Transactions with other government-related entities in the PRC

Other than disclosed above, a significant portion of the Group's transactions are entered into with government-related entities including securities and futures dealing and broking, underwriting of debt securities, purchases and sales of government bonds, and equity and debt securities issued by other government-related entities. These transactions are entered into under normal commercial terms and conditions. At the end of the reporting period, the Group held such investments in equity and debt securities and had balances with these government-related entities including accounts payable to brokerage clients.

The directors of the Company consider that transactions with government-related entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those entities are government related. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the counterparties are government related entities.

### (b) Related transactions with joint ventures

The Group and the Company's joint ventures are detailed in notes "22.INTERESTS IN JOINT VENTURES".

Related transactions of the Group and the Company with joint ventures.

#### **Other receivables and prepayments**

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
China Securities Lize Real Estate	<b>1,154,126</b>	1,154,126

#### **Accounts receivable**

	<b>As at 30 June 2024 (Unaudited)</b>	As at 31 December 2023 (Audited)
Shandong Yunhai Big Data New Growth Drivers Fund Partnership (Limited Partnership)	<b>2,281</b>	1,569
Zhongshan Xingzhong Galaxy Green Industry Investment Fund (Limited Partnership)	<b>563</b>	–
Hainan Galaxy Shipeng New Kinetic Energy Industry Investment Fund Partnership (Limited Partnership)	<b>94</b>	–
Hainan Free Trade Port Construction Investment Fund Co., Ltd	<b>6,574</b>	5,660
Zhaoyuan Galaxy Hongxu Equity Investment Fund Partnership (Limited Partnership)	<b>1,509</b>	–
Huzhou Galaxy Furui Equity Investment Partnership (Limited Partnership)	<b>677</b>	–
Zhenjiang Yunfan Innovation Investment Fund Partnership (Limited Partnership)	<b>195</b>	–
Zhaoyuan Galaxy Hongbo Industrial Investment Partnership (Limited Partnership)	<b>29</b>	–
Changxing Galaxy Kunxin Equity Investment Fund Partnership (Limited Partnership)	<b>52</b>	–
Deqing Fengrui Equity Investment Partnership (Limited Partnership)	<b>55</b>	–

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## 49. RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Related transactions with joint ventures (continued)

#### *Commission and fee income*

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Zhongshan Xingzhong Yinhe Green Industry Investment Fund (Limited Partnership)	563	246
Galaxy Kinetic Energy No. 1 Equity Investment Fund (Yantai) Partnership (Limited Partnership)	70	71
Hainan Yinhe Shipeng New Energy Industry Investment Fund Partnership (Limited partnership)	94	104
Komsomolskaya Galaxy Innovation No.9 Equity Investment Partnership (limited partnership)	–	(22)
Zhaoyuan Yinhe Hongxu Equity Investment Fund Partnership (Limited partnership)	1,509	1,435
Huzhou Yinhe Furui Equity Investment Partnership (Limited partnership)	677	679
Zhenjiang Yunfan Innovation Investment Fund Partnership (Limited partnership)	195	65
Zhaoyuan Yinhe Hongbo Industrial Investment Partnership (limited partnership)	29	12
Jilin Galaxy Zhengyuan Digital Economy Private Fund Partnership (Limited Partnership)	2,670	3,127
Changxing Yinhe Kunxin Equity Investment Fund Partnership (Limited partnership)	52	15
Shandong Yunhai Big Data New Growth Drivers Fund Partnership (Limited Partnership)	712	–
Hainan Free Trade Port Construction Investment Fund Co., Ltd.	6,574	–
Zhangjiagang Galaxy Ruiwen Emerging Industry Equity Investment Partnership (Limited Partnership)	45	–
Deqing Fengrui Equity Investment Partnership (Limited Partnership)	55	–
Liaoning Galaxy Jiandong Fund Investment Partnership (Limited Partnership)	40	–
Shanghai Grand Neo Bay Innovation Initialization Private Equity Fund Partnership (Limited Partnership)	94	–
Fuqi Galaxy (Fuzhou) Industrial Investment Partnership (Limited Partnership)	259	–
Qingdao Dongzheng Digital Source Yunlan Equity Investment Center (Limited partnership)	94	70

### (c) Key management personnel compensation

Key management personnel are those persons having authorities and responsibilities for planning, directing and controlling the activities of the Group, directly or indirectly, including directors, supervisors and other members of senior management.

The key management compensation for the six months ended 30 June 2024 and 2023 comprises:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Salaries, allowances, bonuses, social welfare and annuity scheme contribution	10,303	13,813

The key management personnel's final compensation packages for the six months ended 30 June 2024 have not yet been finalized in accordance with regulations of the PRC relevant authorities. Management of the Group believes that the difference between the final emoluments and that disclosed above will not have a significant impact on the interim condensed consolidated financial statements of the Group.



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## 50. FINANCIAL RISK MANAGEMENT

### Overview

The Group's risk management objectives are to ensure its development within a sustainable and healthy direction, its business operated orderly within an acceptable risk framework and its overall risks within a measurable, controllable and acceptable manner, aiming to achieve the Group's overall development strategy. The Group's risk management strategy is to identify and analyze the various risks faced by the Group, establish appropriate risk tolerance, and reliably measure and monitor the risks on a timely and effective manner to ensure the risks are controlled within the tolerance level.

In daily operation, the Group is mainly exposed to credit risk, market risk, operational risk and liquidity risk. The Group has established risk management policies and procedures to identify and analyze these risks, set appropriate risk indicators, risk limits, risk policies and internal control processes, and monitor and manage the risks continuously through its information system.

Risk management principles include the consideration of the levels of comprehensiveness, prudence, counter checking and balancing and independence.

### Risk management organizational structure

The risk management of the Company at the upper level involving the Board of Directors, the Supervisory Committee and the management as the major bodies of the comprehensive risk management system and according to the "three-layer defence" lays down the foundation of risk management, incorporates risk management of subsidiaries in a single system and implements a vertical management of risks, among which:

The Board of Directors is the highest decision-making body of the risk management system, taking the ultimate responsibility for the Company's risk management duties through its sub-committees, Compliance and Risk Management Committee and Audit Committee. The Supervisory Committee monitors whether the Board of Directors and the management have fulfilled their responsibilities in respect of risk management on a timely and effective manner according to laws and regulations. The management is responsible for the implementation of risk management strategies, objectives and policies. The chief risk officer is in charge of overall risk management.

Business departments, functional departments and branches are charged with the primary responsibility for risk management. They shall execute the Company's risk management strategies and policies, understand and give due consideration to various risks when making decisions, and identify, assess, monitor and report relevant risks in a timely and effective manner. The Company deploys dedicated/part-time risk management and compliance personnel in business departments and branches to be responsible for the management of specific risks and compliance management. Risk Management Headquarters, Legal and Compliance Headquarters, Financial and Capital Headquarters, Audit Headquarters and Disciplinary Committee Office are responsible for monitoring and managing various risks.

Each subsidiary establishes its own risk management framework, policies, IT system and risk control indicator system according to the risk appetite and framework of the Company and the Company's requirement on comprehensive risk management for its subsidiaries. It has to ensure consistency and effectiveness of overall risk management, taking into account of factors such as its own capital level, risk tolerance and complexity of business.

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## 50. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 50.1 Credit risk

Credit risk is the risk of loss due to failures or inability to fulfil obligations by counterparties, or the downgrade of credit rating of them. The Group's financial assets exposed to credit risk mainly include advances to customers, accounts receivable, other financial assets, financial assets measured at amortized cost, financial assets measured at FVTOCI, financial assets held under resale agreements, financial assets measured at FVTPL, deposits with exchanges and non-bank financial institutions, clearing settlement funds and bank balances. Taking no account of collateral or other credit enhancements, the maximum credit exposure of financial assets to the extent exposed to credit risk approximates to their carrying amount at the reporting date.

Bank balances of the Group are mainly deposited in state-owned commercial banks or joint-stock commercial banks with good credit rating, and clearing settlement funds are deposited with the China Securities Depository and Clearing Corporation Limited (the "CSDCC").

For proprietary trading business, when the transactions are conducted through stock exchanges and the CSDCC, the counterparty default risk is considered to be low. For transactions conducted through the interbank market, counterparties are evaluated and only parties with good credit rating are authorized to trade with.

In order to manage the risk of its investment portfolio, except for investments in short-term bonds with rating of A-1, which represents the highest rating of the short-term bonds, the Group invests primarily in bonds with rating of AA or above. Therefore, the Group considers the credit exposure of proprietary trading business is not significant.

Margin trading assets consist of advances to customers and securities lent to customers. The main credit risk of these financial assets is customers' failure to repay the principal, interest or securities lent to them. The Group monitors margin trading clients' accounts on an individual customer basis and call for additional margin deposits, cash collateral or securities, whenever necessary. The advances to margin clients are monitored through their collateral ratios, which ensure the value of the pledged assets is sufficient to cover the advances.

The credit risk of the Group also arises from their securities and futures brokerage business. In the case of customers failing to deposit adequate funds, the Group may have to complete trade settlements by using their own funds. To mitigate these credit risks, the Group requires cash deposit of full amounts for all transactions before they settle on behalf of customers.

As at 30 June 2024, other than those financial assets whose carrying amounts represent maximum exposure to credit risks, the Group is also exposed to credit risks arising from security lending and borrowing activities as clients may default on returning securities borrowed. Securities lent to clients may include securities collateral received from other clients under similar lending and borrowing arrangements. Therefore, these securities may not be recognized in the consolidated statement of financial position of the Group. As at 30 June 2024, the total amount of the securities (both the Group's own securities and securities borrowed by the Group) lent to clients was RMB1,253 million (31 December 2023: RMB2,430 million).

The concentration of credit risk is limited due to the counterparty and customer base being large and diversified.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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## 50. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 50.1 Credit risk (Continued)

#### Impairment under the ECL model

The Group recognized a loss allowance for ECLs on financial assets which are subject to impairment under IFRS 9 using the ECL models, including debt instruments measured at FVTOCI or amortized cost, advances to customers, accounts receivable, other receivables, financial assets held under resale agreements, deposits with exchanges and non-bank financial institutions, clearing settlement funds and bank balances. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition.

The key inputs used for measuring ECLs based on the “probability of default” approach are the probability of default (PD), loss given default (LGD) and exposure at default (EAD); or, based on the loss rate approach, the key input is the loss rate. These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

#### *Significant increase in credit risk*

Except for accounts receivable without significant financing component which are always measured on the lifetime ECLs basis, the Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECLs.

In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. The Group uses different criteria to determine whether credit risk has increased significantly per portfolio of assets.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life;
- an actual or expected significant change in the financial instrument’s external credit rating;
- an actual or expected internal credit rating downgrade for the borrower;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower’s ability to meet its debt obligations;
- an actual or expected significant change in the operating results of the borrower;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower’s ability to meet its debt obligations;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- an actual or expected significant change in the quality of credit enhancement; and
- significant changes in the expected performance and behaviour of the borrower.

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## 50. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 50.1 Credit risk (continued)

#### Impairment under the ECL model (continued)

##### *Internal credit risk ratings*

The Group has developed internal credit rating models and functional internal credit rating systems based on the characteristics of different industries and target customer bases, to perform rating for borrowers or bond issuers. The Group gradually apply the internal credit rating results to business authorization, limit measurement, quota approval, risk monitoring, asset quality management and etc., which have become important tools for decision-making and risk management in credit business.

##### *Incorporation of forward-looking information*

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase in credit risk as well as in its measurement of ECLs. The Group generates a base case scenario of future forecast of relevant economic variables, along with a series of representative ranges of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

##### *Measurement of ECLs*

The measurement of ECLs is a function of the PD, LGD and EAD based on the probability of default approach. The assessment of the PD and LGD is based on historical data adjusted by forward-looking information.

Generally, the ECLs is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For undrawn loan commitments, the ECLs is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitments draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

The Group measures ECLs considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is a common business practice.

The measurement of ECLs is based on the probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items). In relation to the assessment of whether there has been a significant increase in credit risk it can be necessary to perform the assessment on a collective basis as noted below.

##### Groupings based on shared risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as instrument type, credit risk grade, collateral type, remaining term to maturity and the value of collateral relative to the financial asset if it has an impact on the probability of a default occurring (loan-to-value ratios). The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

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## 50. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 50.2 Market risk

Market risk is the risk of loss arising from adverse change in fair value or movement in cash flows in respect of financial instruments, due to interest rate risk, currency risk or price risk.

Within the scope of risk partiality, the Group formulates market risk authorization for proprietary business lines, including transaction limit, risk value, sensitivity, stop loss limit, stress test, concentration and other risk indicators. According to the role and limitations of different indicators, the Group establishes complementary indicator systems of different types and levels, and manages them according to different dimensions. The Group continuously monitors the market risk status and the implementation of relevant risk authorization, and takes timely control and mitigation measures to limit, transfer and reduce market risk.

The Risk Management Headquarters, which is independent of the business department, is the centralized department of market risk management. It identifies, evaluates, monitors and reports the market risks faced by its own funds participating in business and products, and independently evaluates and verifies the valuation methods and risk measurement models of financial instruments used in the process of business development. The Risk Management Headquarters monitors the implementation of risk authorization of the business department, reveals the risks on a timely basis, reports the market risk status to the operation management or its authorized organization, the board of directors and its Risk Management Committee on a regular basis, and makes special risk reports on special or major risk issues from time to time. Each business department is the first party in charge of market risk management. According to the market risk monitoring results, they select the market risk hedging and risk mitigation strategies suitable for risk preference, mainly including risk dispersion and risk hedging, and actively transfers, controls and reduces market risk. Regularly or irregularly feed back the market risk management status of the Department to the Risk Management Headquarters.

#### Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The securities price risk of the Group was mainly derived from the positions held in businesses such as proprietary investment, and market making business. In order to control risks effectively, the Group mainly adopted the following measures. Firstly, by creating securities investment portfolios, the Group made use of financial derivatives to carry out effective risk hedging. Secondly, the risk exposures of the Group's positions were managed on an unified basis. Through the defensive lines of the internal risk division of the business department and the Risk Management Headquarters, the Group implemented independent risk monitoring, analysis and reporting to discover and handle risks in a timely manner. Thirdly, the Group implemented the market risk limit management mechanism to control the size of risk exposures, risk concentration, loss limits and other indicators, and made irregular adjustments so as to cope with the ever-changing market risks, business conditions or risk tolerance level of the Company. Fourthly, the Group adopted quantitative means such as Value at Risk ("VaR") and combined with other methods such as scenario analysis and stress test to assess the relative and absolute risks of the portfolios.

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## 50. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 50.2 Market risk (continued)

#### Price risk (continued)

The Group, Galaxy International, which takes a great market risk adopts VaR as the risk evaluation tool for measuring the market risk of the entire securities investment portfolio which comprises various financial instruments, and utilise stress testing as an effective supplement to the VaR analysis. VaR analysis is a statistical technique that estimates the potential maximum losses that could occur on risk positions due to movements in interest rates, stock prices or currency rates over a specified time period and at a given level of confidence.

The analysis of the Group 's VaR (confidence level of 95% and a holding period of one trading day) by types of risks is as follows:

The Group	30/6/2024	Six months ended 30 June 2024		
		Average	Lowest	Highest
VaR of equity price	329,230	32,570	21,270	41,942
VaR of interest rate	122,403	13,462	11,899	15,810
VaR of commodity price	25,436	1,713	725	2,994
Total portfolio VaR	324,876	32,392	22,075	45,304

The Group	31/12/2023	Year ended 31 December 2024		
		Average	Lowest	Highest
VaR of equity price	207,159	182,088	80,549	265,297
VaR of interest rate	151,584	125,766	86,825	176,709
VaR of commodity price	25,016	18,098	6,374	34,383
Total portfolio VaR	300,692	274,938	188,762	368,953

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group utilizes sensitivity analysis as the main tool of monitoring interest rate risk and measuring the impact to profit and equity for a reasonable and possible change of interest rates, assuming all other variables were held constant. Debt securities of the Group mainly comprise corporate bonds, and the Group mitigates the interest rate risk through monitoring the durations and convexities of its bond portfolios. Interest rate risk in connection with cash held on behalf of customers in bank balances and clearing settlement funds is offset by the associated accounts payable to brokerage clients because their terms match with each other.

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## 50. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 50.2 Market risk (continued)

#### Interest rate risk (continued)

##### *Sensitivity analysis*

The Group uses sensitivity analysis as the main tool to monitor interest rate risk, and measures the impact on the Group's total profit and other comprehensive income without considering the impact of corporate income tax, when the interest rate changes reasonably and possibly under the assumption that other variables remain unchanged as follows:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
<b>Profit before income tax for the period</b>		
Increase by 100 basis points	<b>(2,400,797)</b>	(2,492,013)
Decrease by 100 basis points	<b>2,400,797</b>	2,492,013
	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
<b>Other comprehensive income before income tax</b>		
Increase by 100 basis points	<b>(5,632,715)</b>	(5,885,416)
Decrease by 100 basis points	<b>5,632,715</b>	5,885,416

The influence on the total profit refers to the influence of certain changes in the interest rate in the middle of the next year on the net interest-generating position interest income and the changes in the fair value after the revaluation of the trading financial assets and trading financial liabilities held at the end of the period/year.

The influence on other comprehensive income refers to the influence of the changes in the fair value of other debt investments held at the end of the period based on the revaluation when a certain interest rate changes.

The above sensitivity analysis assumes that the rates of return on assets and liabilities of each maturity move up or down in parallel, so it does not reflect the possible impact for the scenario when only interest rate changes while the remaining interest rate remains unchanged. The forecast is also based on other simplified assumptions, including all positions being held to maturity.

This assumption does not represent the Group's policy on the use of funds and the management of interest rate risk, so the effects above may differ from the actual situation.

Moreover, the above analysis of the impact of interest rate changes is only an example to show the estimated changes in total profit and other comprehensive income under various projected income scenarios and the current interest rate risk profile of the Group. However, this effect does not take into account the risk management activities that management may take to manage interest rate risk.

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## 50. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 50.2 Market risk (continued)

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates.

The Group's currency risk primarily relates to the Group's operating activities whose settlements and payments are denominated in foreign currencies which are different from the respective group entities' functional currencies.

The foreign currency assets and liabilities held by the Group are not material compared to the total assets and liabilities. In terms of the Group's revenue structure, the majority of the business transactions are denominated in RMB, and the proportion of foreign currency transactions is not significant to the Group. The Group considers that the currency risk of the Group's operations is immaterial due to the relatively low proportion of the Group's foreign currency denominated assets, liabilities, income and expense, as compared to the Group's total assets, liabilities, income and expenses. The currency risk of the Group's business is not significant.

### 50.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities due to shortages of capital or funds. During the normal course of business, the Group may face liquidity risk caused by macroeconomic policy change, market fluctuations, poor operations, credit downgrades, mismatch of assets and liabilities, low turnover rate of assets, underwriting on a firm commitment basis, significant proprietary trading position, or any significant illiquid long-term investments. If the Group fails to address any liquidity risk by adjusting the asset structure or comply with regulatory requirements on certain risk indicators, the Group could be penalized by the regulatory authority, which could cause adverse impacts to the Group's operations and reputations.

The measures of the Group's liquidity risk management mainly include:

- (1) Establishing a centralized fund management mechanism and an effective fund regulation mechanism

To cope with and manage liquidity risk effectively, the Company has strengthened monitoring and management over fund transfers of significant amounts in order to achieve centralized fund allocation and coordinated liquidity risk management: incorporated debt financing and leverage ratios into risk authorization systems; established liquidity risk index system; monitored and reported liquidity of the Company on a daily basis; risk warning in a timely manner; conducted regular and ad-hoc stress tests to analyze and evaluate the level of liquidity risk; continuously optimized asset-liability structure to build a multi-level liquidity reserve system; and achieved diversification of financing channels through money market, capital market and bank borrowings.

- (2) Establishing a stable liquidity risk management report system

The Group prepares different financing plans for different periods, and reports on the implementation of financing plans to reflect the management of liquidity risk.

- (3) Increasing working capital and liquidity by issuing shares and corporate bonds

The Group increases its working capital and liquidity by issuing shares, corporate bonds and debt instruments, and by transferring of rights and interests in margin loans to support the development of margin financing and other businesses.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 50. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 50.4 Hedges

#### Fair value hedge

The Group is exposed to price risk from its spot commodities, such as rubber, manganese and silicon. The Group uses exchange-traded futures to manage the commodity price risk of the above products. The underlying assets of the future contracts which the Group hold are the same as or highly correlated with Group's spot commodities, and so both the underlying variables of hedging instruments (commodity futures) and hedged items (spot commodities) are the same or similar. The Group determines the quantity ratio of hedging instruments to hedged items through qualitative analysis. The ineffective part of hedging mainly arises from basis risk, the risk that the value of a futures contract will not move in a normal, steady correlation with the underlying asset price. The amount of hedge ineffectiveness recognised during six months period ended 30 June 2024 is not material. In the financial statements, the gains or losses arising from the hedged risk on the fair value of the hedged item are included in the current period's profit and loss. Changes in the fair value of hedging instruments are also recognised in current period's profit or loss.

As at 30 June 2024, the nominal amount of the hedging instruments was RMB1,327.69 million (31 December 2023: RMB1,534.75 million), and will mature within 1 year (31 December 2023: mature within 6 months).

The carrying amount and changes in fair value of hedging instruments are as follows:

	<b>As at 30 June 2024</b>	As at 31 December 2023
<b>Commodity price risk – commodity futures contracts</b>		
Line item in the statement of financial position	<b>Derivative financial instruments</b>	Derivative financial instruments
Notional amounts of hedging instruments	<b>1,327,692</b>	1,534,753
Carrying amount of hedging instruments	–	–
Changes in fair value of hedging instruments used as the basis for recognizing ineffectiveness	<b>(252,274)</b>	46,680

The carrying amount of the hedged items and related adjustments are as follows:

	<b>As at 30 June 2024</b>	As at 31 December 2023
<b>Commodity price risk – inventories</b>		
Line item in the statement of financial position	<b>Other receivables and prepayments</b>	Other receivables and prepayments
Carrying amount of hedged items	<b>1,344,487</b>	1,451,412
Accumulated amount of fair value hedge adjustments for the hedged item (included in the carrying amount of the hedged items)	<b>263,699</b>	(9,876)

During the six months period ended 30 June 2024, the hedge ineffectiveness of changes in fair value of hedging instruments included in the statement of profit or loss was RMB11.42 million (six months period ended 30 June 2023: RMB-0.39 million).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024  
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## 50. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 50.4 Hedges (continued)

#### Net investment hedge

The Group hedges the foreign exchange exposure to the net assets of some subsidiaries operating overseas that are included in the consolidated financial statements. The Group hedges part of its overseas operations with foreign exchange forward contracts in the same currency as the functional currency of the relevant subsidiaries or in currencies related to exchange rates. The Group determines the hedging ratio between the hedging instrument and the hedged item through qualitative analysis. In the financial statements, the portion of the gain or loss on the hedging instrument that is determined to be effective is recognized in other comprehensive income, and the portion that is ineffective is recognized in profit or loss for the current period.

During the six months period ended 30 June 2024, the net income from hedging instruments amounted to RMB4.21 million (six months period ended 30 June 2023: net loss of RMB0.80 million) and was included in other comprehensive income. During the six months period ended 30 June 2024, the net income related to the forward elements of forward contracts totaled RMB6.17 million (six months period ended 30 June 2023: net income of RMB1.23 million), which was included in profit or loss. The net loss arising from the ineffective portion of the hedged net investment in foreign operations is RMB1.58 million (six months period ended 30 June 2023: net loss of RMB1.53 million).

As at 30 June 2024, the nominal amount of hedging instruments designated by the Group as hedging net investments in overseas operations was RMB124.52 million (31 December 2023: RMB138.68 million), and the hedging instruments will mature within 6 months.

## 51. FAIR VALUE OF FINANCIAL INSTRUMENTS

### 51.1 Fair value of the Group's financial assets and financial liabilities that are not measured at fair value

The carrying amounts of the Group's financial assets and financial liabilities not measured at fair value approximated to their fair values as at 30 June 2024 and 31 December 2023 except for the following financial assets and financial liabilities, for which their carrying amounts including accrued interest and fair value are disclosed below:

	As at 30 June 2024	
	Carrying amounts	Fair value
<b>Non-current</b>		
Bonds payable	69,861,151	71,421,118
Debt instruments	66,692	66,859
Financial assets held under resale agreements	12,017,020	12,125,384
Debt instruments measured at amortized cost	675,273	691,547
	As at 31 December 2023	
	Carrying amounts	Fair value
<b>Non-current</b>		
Bonds payable	68,731,531	69,345,218
Debt instruments	309,594	309,694
Financial assets held under resale agreements	11,452,478	11,541,268
Debt instruments measured at amortized cost	959,951	990,312

Fair values of these financial instruments are determined by contractual cash flows discounted by observable yield curves.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

(Amounts in thousands of Renminbi, unless otherwise stated)

## 51. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

### 51.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting periods. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Level 1 to 3) based on the degree to which the inputs to the fair value measurements are observable and the significance.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted in active markets for identical assets or liabilities)

Level 2: Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

As at 30 June 2024 (Unaudited)	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Debt instruments measured at FVTOCI:	41,302,010	57,592,292	–	98,894,302
– Debt securities	41,302,010	57,592,292	–	98,894,302
Equity instruments measured at FVTOCI:	33,123,233	20,991,735	1,529	54,116,497
– Perpetual bonds	21,209,444	20,991,735	–	42,201,179
– Equity investments	11,657,479	–	–	11,657,479
– Other	256,310	–	1,529	257,839
Financial assets measured at FVTPL:	40,152,106	195,989,502	6,349,306	242,490,914
– Debt securities	14,513,584	134,211,844	2,712,854	151,438,282
– Equity securities	17,399,290	33,965	411,807	17,845,062
– Funds	7,844,580	25,123,197	–	32,967,777
– Asset management plan	–	370,365	–	370,365
– Structured deposits and wealth management products	–	3,265,156	–	3,265,156
– Trust schemes	–	502,680	589,225	1,091,905
– Other investments	394,652	32,482,295	2,635,420	35,512,367
Derivative financial assets	339,516	1,345,877	10,292,971	11,978,364
<b>Total</b>	<b>114,916,865</b>	<b>275,919,406</b>	<b>16,643,806</b>	<b>407,480,077</b>
<b>Financial liabilities:</b>				
Financial liabilities held for trading:	75,819	47,841,072	–	47,916,891
– Debt securities	–	47,841,072	–	47,841,072
– Equity securities	75,819	–	–	75,819
Financial liabilities designated as at fair value through profit or loss:	194,084	16,757,155	–	16,951,239
– Structured products embedded with equity swaps	194,084	–	–	194,084
– Financing payables	–	16,407,965	–	16,407,965
– Others	–	349,190	–	349,190
Derivative financial liabilities	319,609	657,017	1,218,179	2,194,805
<b>Total</b>	<b>589,512</b>	<b>65,255,244</b>	<b>1,218,179</b>	<b>67,062,935</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 51. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

### 51.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value (continued)

As at 31 December 2023 (Audited)	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Debt instrument measured at FVTOCI:	32,763,489	64,594,449	–	97,357,938
– Debt securities	32,763,489	64,594,449	–	97,357,938
Equity instruments measured at FVTOCI:	26,406,004	18,765,606	1,539	45,173,149
– Perpetual bonds	16,959,046	18,765,606	–	35,724,652
– Equity securities	9,446,958	–	–	9,446,958
– Other investments	–	–	1,539	1,539
Financial assets measured at FVTPL:	50,792,302	148,074,509	7,316,681	206,183,492
– Debt securities	10,483,071	95,690,389	2,883,314	109,056,774
– Equity securities	28,990,373	184,744	1,103,642	30,278,759
– Funds	11,316,080	15,722,914	–	27,038,994
– Asset management plan	–	414,486	–	414,486
– Structured deposits and wealth management products	–	3,176,376	–	3,176,376
– Trust schemes	–	503,219	711,715	1,214,934
– Other investments	2,778	32,382,381	2,618,010	35,003,169
Derivative financial assets	489,500	1,244,400	6,671,135	8,405,035
<b>Total</b>	<b>110,451,295</b>	<b>232,678,964</b>	<b>13,989,355</b>	<b>357,119,614</b>
<b>Financial liabilities:</b>				
Financial liabilities held for trading:	328,970	18,622,873	–	18,951,843
– Debt securities	–	18,622,873	–	18,622,873
– Equity securities	328,970	–	–	328,970
Financial liabilities designated as at fair value through profit or loss:	452,670	20,249,662	–	20,702,332
– Structured products embedded with equity swaps	452,670	–	–	452,670
– Financing payables	–	20,249,662	–	20,249,662
Derivative financial liabilities	321,750	593,657	4,600,506	5,515,913
<b>Total</b>	<b>1,103,390</b>	<b>39,466,192</b>	<b>4,600,506</b>	<b>45,170,088</b>

There were no significant transfers between Level 1 and 2 during the six months ended 30 June 2024 and 2023.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 51. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

### 51.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value (Continued)

#### 51.2.1 Basis for recurring fair value measurement categorised within Level 1

For the measurement for Level 1, the Group adopts the closing price in active markets. Instruments included in Level 1 comprise equity securities, funds and other investments traded on stock exchanges.

#### 51.2.2 Valuation techniques used and the qualitative information of key parameters for recurring fair value measurement categorised within Level 2

For debt instruments at FVTPL and at FVTOCI, and securities lending whose value is available on bond pricing system on the valuation date is measured using the latest valuation results published by bond pricing system. The future cash flows are estimated based on contractual amounts and coupon rates, discounted at a rate that reflects the credit risk of counterparty.

For equity investments at FVTOCI, unlisted funds (open-ended mutual funds, structured deposits, wealth management products and other investments at FVTPL), the fair value is calculated based on the fair value of the underlying investments which are money market instruments, debt securities and publicly traded equity investments listed in the PRC in each portfolio.

For equity securities at FVTPL traded on National Equities Exchange and Quotations, recent transaction prices and the latest quoted bid prices and adjusted based on the index of National Equities Exchange and Quotations are used.

For equity-linked financing payables designated as at fair value through profit or loss, the fair value is determined based on the bid prices of stock index in an active market.

For derivative financial instruments, the fair value is determined by different valuation techniques. For interest rate swaps, equity return swaps and currency forward, the fair value is measured by discounting the differences between the contract prices and market prices of the underlying financial instruments.

During the six months ended 30 June 2024, there were no significant changes of valuation techniques for Level 2.

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## 51. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

### 51.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value (Continued)

#### 51.2.3 Valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 3

The quantitative information of fair value measurement for Level 3 is as follows:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)	Valuation technique(s) and key input(s)	Significant unobservable input(s)
<b>Financial assets</b>				
Financial assets measured at FVTPL:				
– Bonds	2,712,854	2,883,314	Discounted cash flows with future cash flows that are estimated based on contract terms, discounted at a rate that reflects the credit risk of investment targets.	Discount rate (Note 2)
– Equity securities traded on National Equities Exchange and Quotations	8,287	10,083	Use of comparable company approach, with an adjustment of discount for lack of marketability.	Marketability discount (Note 3)
– Equity securities traded on stock exchanges with lock-up periods	403,520	1,093,559	Market quotes based on the option pricing model taking into account the liquidity discount adjustment.	Volatility (Note 1)
– Trust schemes	589,225	711,715	Discounted cash flows with future cash flows that are estimated based on contract terms, discounted at a rate that reflects the credit risk of investment targets.	Discount rate (Note 2)
– Other investments	277,503	246,835	Market quotes based on the option pricing model taking into account the liquidity discount adjustment.	Volatility (Note 1)
– Other investments	324,560	356,313	Discounted cash flow with future cash flows that are estimated based on contract terms, discounted at a rate that reflects the credit risk of investment targets.	Discount rate (Note 2)
– Other investments	2,033,357	2,014,862	Determined by reference to the quoted market prices or using comparable company approach, with an adjustment of discount for lack of marketability.	Marketability discount (Note 3)
<b>Financial assets</b>				
Equity instruments measured at FVTOCI:				
– Equity investments	1,529	1,539	Valuation using multiples, with an adjustment of discount for lack of marketability.	Marketability discount (Note 3)
<b>Derivative financial instruments:</b>				
– Options-assets	10,017,152	5,601,385	Calculated based on the Black-Scholes option pricing model.	Implied volatility (Note 1)
– Other forward contract – assets	275,819	1,069,750	Discounted cash flows with future cash flows that are estimated based on contractual amounts, discounted at a rate that reflects the credit risk of the counterparty.	Discount rate (Note 2)
<b>Total</b>	<b>16,643,806</b>	<b>13,989,355</b>		

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 51. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

### 51.2 Fair value of the Group's financial assets and financial liabilities that are measured at fair value (Continued)

#### 51.2.3 Valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 3 (Continued)

The quantitative information of fair value measurement for Level 3 is as follows: (Continued)

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)	Valuation technique(s) and key input(s)	Significant unobservable input(s)
<b>Financial liabilities</b>				
Derivative financial instruments:				
– Over-the-counter options – liabilities	1,069,012	4,580,951	Calculated based on the Black-Scholes option pricing model.	Implied volatility (Note 1)
– forward contract-liabilities	149,167	19,555	Discounted cash flows with future cash flows that are estimated based on contractual amounts, discounted at a rate that reflects the credit risk of the counterparty.	Discount rate (Note 2)
<b>Total</b>	<b>1,218,179</b>	<b>4,600,506</b>		

Notes:

- (1) The significant unobservable input to fair value measurement is the implied volatility of the underlying securities, which ranges from 5.00% to 114.82% (31 December 2023: 12.99% to 69.69%).
- (2) The unobservable input to fair value is the discount rate, determined by reference to the credit risk of underlying investments, ranging from 0.70% to 99.99% (31 December 2023: 4.00% to 99.99%). The higher is the discount rate, the lower is the fair value.
- (3) The unobservable input to fair value is the discount rate for lack of marketability, which ranges from 26.24% to 99.99% (31 December 2023: 22% to 90.46%). The higher is the discount rate for lack of marketability, the lower is the fair value.
- (4) As disclosed in Note 33, except for stock index futures and interest rate swap not under a daily mark-to-market and settlement arrangement are presented gross at the end of the reporting period, the other derivatives are under daily mark-to-market and settlement arrangements. Accordingly, the net position of the treasury bond futures, and commodity futures, stock index futures and interest rate swap was nil at the end of each reporting period. The above analysis only presents the fair value of derivative financial instruments.

There were no transfers between Level 1 and Level 2 fair value measurements during the six months ended 30 June 2024 and 2023.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 51. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

### 51.3 Reconciliation of Level 3 fair value measurements

	Financial assets measured at fair value through profit or loss	Equity instruments measured at fair value through other comprehensive income
As at 1 January 2024 (Audited)	7,316,681	1,539
Total losses:		
– in profit or loss	(198,880)	–
– in other comprehensive income	–	(4)
Augment	1,401,128	–
Transfers out (Note)	(868,211)	(6)
Sell out	(1,301,412)	–
As at 30 June 2024 (Unaudited)	6,349,306	1,529
Total gains for assets held at 30 June 2024		
– unrealized gains recognized in profit or loss	443,547	–
	Financial assets measured at fair value through profit or loss	Equity instruments measured at fair value through other comprehensive income
As at 1 January 2023 (Audited)	7,786,636	134
Total losses:		
– in profit or loss	(2,793,181)	–
– in other comprehensive income	–	5
Augment	3,195,211	1,400
Transfers out (Note)	(871,985)	–
As at 31 December 2023 (Audited)	7,316,681	1,539
Total losses for assets held at 31 December 2023		
– unrealized losses recognized in profit or loss	433,945	–

Note: These are equity securities traded on stock exchanges with lock-up periods or asset management schemes which hold listed shares with lock-up periods. They were transferred from Level 3 to Level 1 when the lock-up period lapsed and the securities became unrestricted.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 52. EVENTS AFTER THE END OF THE REPORTING PERIOD

### Issuance of corporate bonds

#### 1. Proposed profit distribution after the reporting period

On 29 August 2024, a dividend in respect of the period ended 30 June 2024 of RMB0.84 per 10 shares (inclusive of tax), in an aggregate amount of RMB918.49 million, based on a total of 10,934,402,256 shares in issue, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

#### 2. Private debt offering

Subsequent to the end of the reporting period, the Company has completed the phase 1 private debt offering of RMB1,500 million in 2024. These bonds bear interest rates at 2.13% per annum and the terms are 3 years. In addition, the Company has completed the phase 2 private debt offering of RMB3,500 million in 2024. These bonds bear interest rates at 2.25% per annum and the terms are 5 years. Proceeds from the issue are used to repay the matured corporate bonds and increase working capital of the company.

#### 3. Issuance of subordinated bonds.

Subsequent to the end of the reporting period, the Company has completed the public issuance of subordinated corporate bond of RMB1,200 million (Tranche 1) and RMB1,400 million (Tranche 2) in August 2024. These bonds bear interest rates at 2.10%-2.22% per annum and the terms are from 3 years to 5 years. Proceeds from the issue are used to increase the working capital of the Company.



For more information, please refer to