



国联民生证券股份有限公司 GUOLIAN MINSHENG SECURITIES CO., LTD.

(a joint stock company incorporated in the People's Republic of China with limited liability)
Stock code: 1456



Annual Report
2024

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Section 1 Definitions

General Terms

A Share(s)	domestic share(s) of the Company with a nominal value of RMB1.00 each, which are listed and traded on the Shanghai Stock Exchange
Articles of Association	the articles of association of the Company
Associates	has the meaning ascribed to it under the Listing Rules
Beijing Stock Exchange	the Beijing Stock Exchange
CG Code	the Corporate Governance Code in Appendix C1 of the Listing Rules
Company Law	the Company Law of the PRC
Company, the Company, Guolian Securities or Guolian Minsheng	Guolian Minsheng Securities Company Limited (formerly known as: Guolian Securities Co., Ltd.)
Connected Persons	has the meaning ascribed to it under the Listing Rules
Connected Transactions	has the meaning ascribed to it under the Listing Rules
Continuing Connected Transaction(s)	has the meaning ascribed to it under the Listing Rules
Controlling Shareholder(s)	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of the Company, namely, Guolian Group, Guolian Trust, Wuxi Electric, Minsheng Investment, Cotton Textile, Huaguang Environmental, Guolian Industrial and Guolian Financial Investment
Cotton Textile	Wuxi Cotton Textile Group Co., Ltd.* (無錫一棉紡織集團有限公司), a wholly-owned subsidiary of Guolian Group, which holds 1.28% of the shares of the Company and was renamed from Wuxi Guolian Textile Group Co., Ltd. (無錫國聯紡織集團有限公司)
CSRC	The China Securities Regulatory Commission

Section 1 Definitions

Director(s) and Board or Board of Directors	The director(s) and the board of directors of the Company
Fengquanyu	Shanghai Fengquanyu Enterprise Management Co., Ltd.* (上海豐泉峪企業管理有限公司), which holds 6.36% of the shares of the Company
GDP	gross domestic products
General Meeting(s)	the general meetings of the Company
Group	the Company and its subsidiaries
Guolian Assets Management	Guolian Securities Assets Management Co., Ltd.* (國聯證券資產管理有限公司), a wholly-owned subsidiary of the Company
Guolian Capital	Guolian Capital Co., Ltd.* (國聯通寶資本投資有限責任公司), a wholly-owned subsidiary of the Company
Guolian Chuangxin	Wuxi Guolian Chuangxin Capital Company Limited* (無錫國聯創新投資有限公司), a wholly-owned subsidiary of the Company
Guolian Financial Investment	Wuxi Guolian Financial Investment Group Co., Ltd.* (無錫國聯金融投資集團有限公司), a wholly-owned subsidiary of Guolian Group
Guolian Fund	Guolian Fund Management Company Limited* (國聯基金管理有限公司), 75.5% of the equity interest of which is held by the Company
Guolian Futures	Guolian Futures Co., Ltd.* (國聯期貨股份有限公司), 54.72% of the shares of which is held by Guolian Group
Guolian Group	Wuxi Guolian Development (Group) Co., Ltd.* (無錫市國聯發展(集團)有限公司), which directly and indirectly holds 38.52% of the shares of the Company as at the date of this report, the Controlling Shareholder of the Company
Guolian HK	Guolian Securities (Hong Kong) Limited, a wholly-owned subsidiary of the Company
Guolian Industrial	Wuxi Guolian Industrial Investment Group Co., Ltd.* (無錫國聯實業投資集團有限公司), a wholly-owned subsidiary of Guolian Group

Section 1 Definitions

Guolian Trust	Guolian Trust Co., Ltd.* (國聯信託股份有限公司), 69.92% of the shares of which is held by Guolian Group directly and indirectly as at the date of this report, which holds 6.87% of the shares of the Company
H Share(s)	overseas listed foreign share(s) of the Company with a nominal value of RMB1.00 each, which are listed on the HK Stock Exchange and traded in HKD
HK Stock Exchange or Stock Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong or HK	the Hong Kong Special Administrative Region of the PRC
Hua Ying Securities	Hua Ying Securities Co., Ltd.* (華英證券有限責任公司), a wholly-owned subsidiary of the Company
Huaguang Environmental	Wuxi Huaguang Environmental & Energy Group Co., Ltd.* (無錫華光環保能源集團股份有限公司), a subsidiary of Guolian Group, listed on the Shanghai Stock Exchange (Stock Code: 600475), which holds 0.51% of the shares of the Company and was renamed from Wuxi Huaguang Boiler Co., Ltd.* (無錫華光鍋爐股份有限公司)
IFRS	include the standards, amendments and interpretations promulgated by International Accounting Standards Board and the International Accounting Standards and Interpretations issued by International Accounting Standards Committee
Jiangsu Xinfang	Jiangsu Xinfang Industrial Co., Ltd.* (江蘇新紡實業股份有限公司)
Latest Practicable Date	26 March 2025, being the latest practicable date prior to the printing of this report for ascertaining certain information included herein
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Minsheng Investment	Wuxi Minsheng Investment Co., Ltd.* (無錫民生投資有限公司), a wholly-owned subsidiary of Guolian Financial Investment, which holds 1.29% of the shares of the Company
Minsheng Securities	Minsheng Securities Co., Ltd.* (民生證券股份有限公司)

Section 1 Definitions

Model Code	the Model Code for Securities Transactions by Directors of Listed Issuer in Appendix C3 of the Listing Rules
Reporting Period	the period from 1 January 2024 to 31 December 2024
PRC or China	the People's Republic of China
SAC	the Securities Association of China
Securities and Futures Ordinance or SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Securities Law	the Securities Law of the PRC
Shanghai Stock Exchange	the Shanghai Stock Exchange
STA	State Taxation Administration of the PRC
Substantial Shareholder(s)	has the meaning ascribed to it under the Listing Rules
Supervisor(s) and Supervisory Committee	the supervisor(s) and supervisory committee of the Company
Wind	Wind, an internet big data financial terminal which is intended for use by various institutional users including all kinds of financial investment institutions, research institutions and academic institutions
Wuxi Electric	Wuxi Guolian Municipal Electric Power Co., Ltd.* (無錫市國聯地方電力有限公司), a wholly-owned subsidiary of Guolian Industrial, which holds 4.70% of the shares of the Company and was renamed from Wuxi Municipal Electric Power Company* (無錫市地方電力公司)
Zhonghai Fund	Zhonghai Fund Management Co., Ltd.* (中海基金管理有限公司), 33.409% of the equity interest of which is held by the Company

Section 1 Definitions

Technical Terms

Collective Asset Management Scheme	an asset management contract entered into with multiple clients by a securities firm, pursuant to which the clients' assets are placed in the custody of commercial banks or in other institutions approved by the CSRC which are qualified to hold client transaction settlement funds for entrustment, and the securities firm provides asset management services to the clients through designated accounts
FOF	fund of funds
Fund Investment Advisory	fund investment advisory business
IPO	the abbreviation for "Initial Public Offering" that is, the initial public offering of shares
margin financing and securities lending	a collateral-backed operating activity in which securities firms provide clients with monies to buy listed securities or with listed securities for sale
NEEQ	National Equities Exchange and Quotations
Shanghai-Hong Kong Stock Connect	a mechanism of inter-connection and inter-working between transactions of Shanghai and Hong Kong stock markets under which the Shanghai Stock Exchange and HK Stock Exchange allow investors of the two sides to buy or sell the shares (within a specified limit) listed on the stock exchange of the other side via local securities companies (or brokers)
Single Asset Management Scheme	an asset management contract entered into by a securities firm with a single client, pursuant to which the securities firm provides asset management services to the client through the accounts under the client's name
Specialized Asset Management Scheme	an asset management contract entered into by a securities firm with client to specify the investment objectives that specifically cater for the special requirements and asset structure of each individual client and provides asset management service to client through a designated account
Stock Pledged Repurchase Transaction	a transaction in which eligible funds receivers obtain financing from eligible funds givers by pledging the stocks or other securities they hold and agree to return the funds and discharge the pledge some day in the future

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

Special note: Any discrepancies in this report between totals and sums of figures listed are due to rounding.

Section 2 Company Profile

1. Company Name

Registered Chinese Name of the Company: 國聯民生證券股份有限公司

Short Name of the Company in Chinese: 國聯民生

English Name of the Company: Guolian Minsheng Securities Company Limited

Short Name of the Company in English: Guolian Minsheng Sec

2. Stock Code

HK Stock Exchange H Shares Stock Code: 01456

Shanghai Stock Exchange A Shares Stock Code: 601456

3. Legal Representative

Mr. Ge Xiaobo (葛小波)

4. Registered Capital and Net Capital

Registered Capital^{Note}: RMB2,831,773,168

Net Capital: RMB16.343 billion

Note: As of the end of the Reporting Period, the total share capital of the Company was 2,831,773,168 shares, of which 2,389,133,168 were A Shares and 442,640,000 were H Shares. As of the date of this report, the total share capital of the Company was 5,680,592,806 shares, of which 5,237,952,806 were A Shares and 442,640,000 were H Shares.

5. Headquarters in China

Registered Address of the Company: No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC; Zip Code: 214000

Office Address of the Company: No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC; Zip Code: 214000

Company Website: www.glsc.com.cn

E-mail: glsc-ir@glsc.com.cn

Tel: 0510-82833209

Section 2 Company Profile

6. Principal Place of Business in Hong Kong

40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong

7. General Manager (the President)

Mr. Ge Xiaobo (葛小波)

8. Secretary of the Board

Mr. Wang Jie (王捷)

9. Joint Company Secretaries

Ms. Hui Yu (惠宇), Ms. Zhang Xiao (張瀟)

10. Authorized Representatives

Mr. Ge Xiaobo (葛小波), Ms. Zhang Xiao (張瀟)

11. Auditors

Domestic: ShineWing Certified Public Accountants LLP

International: SHINEWING (HK) CPA Limited

12. Legal Advisor (as to Hong Kong Laws)

Clifford Chance

13. Share Registrars

Share Registrar for A Shares: Shanghai Branch of China Securities Depository and Clearing Corporation Limited

Share Registrar for H Shares: Computershare Hong Kong Investor Services Limited

Section 3 Summary of Accounting and Business Data

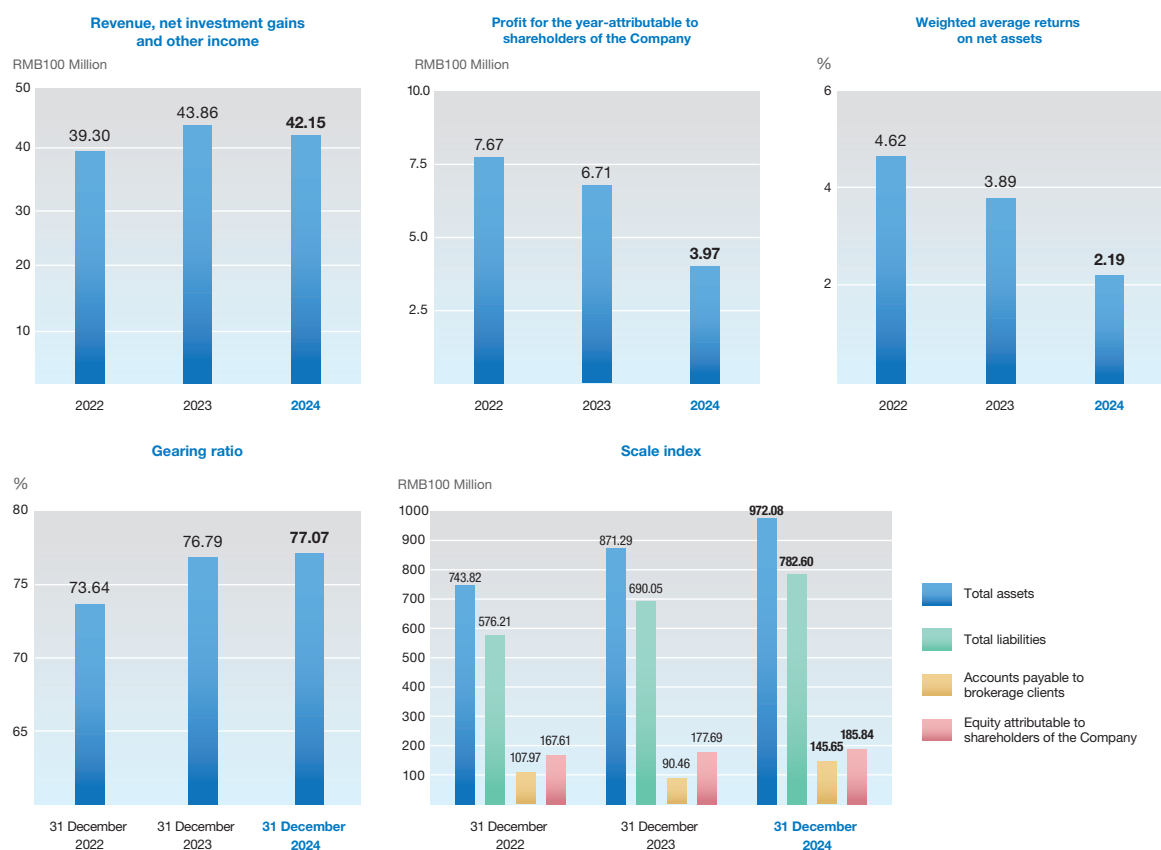
I. Principal Accounting Data and Financial Indexes

(I) Principal accounting data and financial indexes for the recent three years

Items	2024	2023	Year-on-Year Growth	2022
Operating results (RMB'000)				
Revenue, net investment gains and other income	4,214,933	4,385,566	-3.89%	3,930,127
Profit before income tax	372,805	825,417	-54.83%	965,433
Profit for the year – attributable to shareholders of the Company	397,419	671,319	-40.80%	767,285
Net cash from operating activities	8,177,257	779,788	948.65%	1,954,599
Earnings per share (RMB/share)				
Basic earnings per share	0.14	0.24	-41.67%	0.27
Diluted earnings per share	0.14	0.24	-41.67%	0.27
Profitability index				
Weighted average returns on net assets	2.19%	3.89%	Decreased by 1.70 percentage points	4.62%
Items	31 December 2024	31 December 2023	Year-on-Year Growth	31 December 2022
Scale index (RMB'000)				
Total assets	97,208,144	87,128,874	11.57%	74,381,997
Total liabilities	78,260,128	69,005,316	13.41%	57,621,443
Accounts payable to brokerage clients	14,565,167	9,046,099	61.01%	10,797,281
Equity attributable to shareholders of the Company	18,584,334	17,768,691	4.59%	16,760,554
Total share capital ('000 shares)	2,831,773	2,831,773	0.00%	2,831,773
Net asset value per share attributable to shareholders of the Company (RMB/share)	6.56	6.27	4.63% Increased by 0.28 percentage point	5.92
Gearing ratio¹	77.07%	76.79%		73.64%

¹ Gearing ratio = (total liabilities – accounts payable to brokerage clients)/(total assets – accounts payable to brokerage clients)

Section 3 Summary of Accounting and Business Data



(II) Principal accounting data and financial indexes for the recent five years

Earnings (RMB'000)

Items	2024	2023	2022	2021	2020
Revenue, net investment gains and other income	4,214,933	4,385,566	3,930,127	4,231,270	2,682,023
Total expenses	3,864,754	3,643,596	3,010,246	3,059,604	1,905,089
Profit before income tax	372,805	825,417	965,433	1,173,365	787,922
Profit for the year – attributable to shareholders of the Company	397,419	671,319	767,285	888,640	587,871

Section 3 Summary of Accounting and Business Data

Assets (RMB'000)

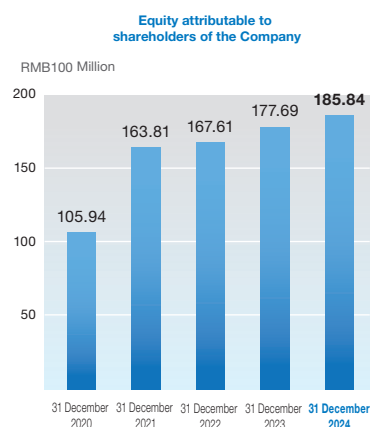
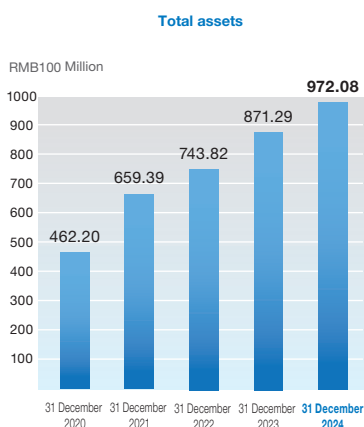
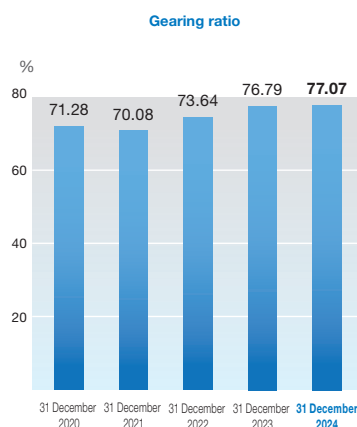
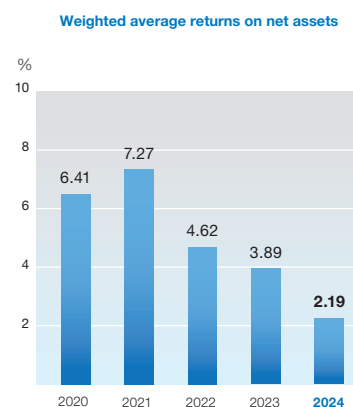
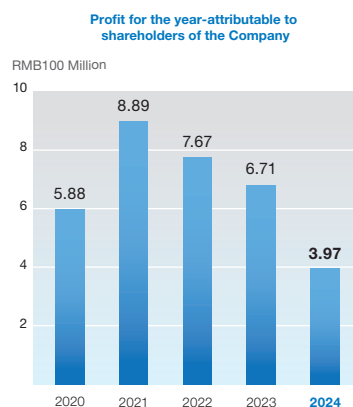
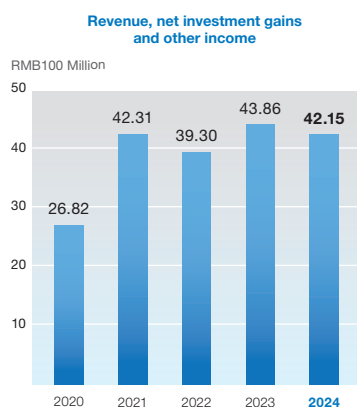
Items	31 December 2024	31 December 2023	31 December 2022	31 December 2021	31 December 2020
Total assets	97,208,144	87,128,874	74,381,997	65,939,239	46,219,949
Total liabilities	78,260,128	69,005,316	57,621,443	49,558,170	35,625,779
Accounts payable to brokerage clients	14,565,167	9,046,099	10,797,281	11,182,579	9,327,198
Equity attributable to shareholders of the Company	18,584,334	17,768,691	16,760,554	16,381,069	10,594,170
Total share capital ('000 shares)	2,831,773	2,831,773	2,831,773	2,831,773	2,378,119

Key financial indexes

Items	2024	2023	2022	2021	2020
Basic earnings per share (RMB/share)	0.14	0.24	0.27	0.36	0.28
Diluted earnings per share (RMB/share)	0.14	0.24	0.27	0.36	0.28
Weighted average returns on net assets	2.19%	3.89%	4.62%	7.27%	6.41%

Items	31 December 2024	31 December 2023	31 December 2022	31 December 2021	31 December 2020
Gearing ratio	77.07%	76.79%	73.64%	70.08%	71.28%
Net asset value per share attributable to shareholders of the Company (RMB/share)	6.56	6.27	5.92	5.78	4.45

Section 3 Summary of Accounting and Business Data



Section 3 Summary of Accounting and Business Data

II. Differences of Accounting Data under Domestic and Overseas Accounting Standards

The consolidated financial statements prepared by the Company in accordance with the IFRS and the Accounting Standards for Business Enterprises of the PRC show no difference in the net profit in 2024 and 2023 and the net assets as at 31 December 2024 and 31 December 2023.

III. The Company's Net Capital and Related Risk Control Index

Unit: in RMB'000

Items	End of the Reporting Period	End of previous year
Net capital	16,342,765	14,901,649
Net assets	18,090,201	17,444,475
Sum of various risk capital provisions	6,992,951	8,565,227
Total on-and off-balance-sheet assets	91,423,221	89,032,143
Risk coverage ratio (%)	233.70	173.98
Capital leverage ratio (%)	14.49	13.76
Liquidity coverage ratio (%)	161.85	167.36
Net steady fund rate (%)	165.88	133.48
Net capital/net assets (%)	90.34	85.42
Net capital/liabilities (%)	26.06	25.22
Net assets/liabilities (%)	28.85	29.53
Proprietary equity securities and their derivatives/net capital (%)	44.82	52.91
Proprietary non-equity securities and their derivatives/net capital (%)	244.41	264.15

Note: During the Reporting Period, all risk control indexes, including net capital of the parent company, were in compliance with the relevant provisions of the Administrative Measures for the Risk Control Indexes of Securities Companies issued by the CSRC.

Section 4 Report of the Board

I. The Board's Discussion and Analysis on the Operation of the Company during the Reporting Period

(I) Overall Operation of the Company

For the whole year of 2024, the Group achieved revenue, net investment gains and other income totaling RMB4.215 billion, representing a year-on-year decrease of 3.89%. Net profit attributable to shareholders of the Company of RMB397 million was achieved, representing a year-on-year decrease of 40.80%. As at 31 December 2024, total assets of the Group was RMB97.208 billion, and net assets attributable to shareholders of the Company was RMB18.584 billion and the weighted average returns on net assets was 2.19%.

The revenue generated from the brokerage and wealth management business was RMB1.205 billion, representing a year-on-year increase of 24.39%; the revenue generated from the investment banking business was RMB351 million, representing a year-on-year decrease of 35.41%; the revenue generated from the asset management and investment business was RMB719 million, representing a year-on-year increase of 52.74%; the revenue generated from the credit transaction business was RMB597 million, representing a year-on-year decrease of 16.96%; and the revenue generated from the proprietary trading business was RMB908 million, representing a year-on-year decrease of 33.96%.

(II) Analysis of Principal Business

(I) Brokerage and Wealth Management Business

1. *Brokerage and Wealth Management Business*

Market Environment

In 2024, the overall market trading sentiment of the domestic securities market was significantly more robust as compared with the same period of last year. According to the data from the Shanghai, Shenzhen and Beijing Stock Exchanges, the yearly stocks and funds trading volume of the Shanghai, Shenzhen and Beijing markets was RMB295.84 trillion, with an average daily turnover of stocks and funds of RMB1,222.475 billion, representing a year-on-year increase of 22.90%.

Section 4 Report of the Board

Actions and Achievements

In 2024, based on its organisational structure adjustments in wealth management, the Company set up service systems from the buyer's perspective focusing on three types of customer groups, namely retail, institutional and corporate, and established a retail business system with asset deployment as its core and account management as its foundation, an institutional customer service system with integrated operation as the core, and an enterprise customer service system with entrepreneurs' offices as the axis. At the same time, it strengthened the online business layout to further improve the "Good Doctor" service system, initially forming a business model and a profit model. During the Reporting Period, its customer base continued to grow, adding 218,600 new customers and the cumulative total number of customers reached 1,955,000, representing a year-on-year increase of 12.59%. The sales scale of the Company's financial products (excluding "Xianjintianli (現金添利)", the cash management product) amounted to RMB40.278 billion, representing a year-on-year increase of 118.87%, while the retention of financial products at the end of the period amounted to RMB20.956 billion, representing a year-on-year increase of 8.41%.

Maintaining a leading position in the fund investment advisory industry and the rapid growth of the scale of fund investment advisory have become crucial foundations for the buyer's investment advisory services of the Company, beginning to take shape as a modern wealth management model. The To B To C business model is diverse and innovative with their scale steadily climbing. As of the end of the Reporting Period, the retained volume of fund investment advisory reached RMB9.238 billion, representing a year-on-year increase of 40.10%. The strategy team leveraged its professional expertise to demonstrate exceptional drawdown control capabilities in a complex market environment, far exceeding the average return rate of equity-oriented funds in the market.

Section 4 Report of the Board

Outlook for 2025

The Company will facilitate the transformation of buyer's investment advisory towards a broader wealth management approach, and establish service systems and business models tailored to different customer categories. For retail clients, it will leverage the differentiated advantages of distributed investment advisory and tool-based strategies to further enhance the penetration rate and investment proportion of fund investment advisory services. Simultaneously, it will continue to refine systems, increase investment in core traffic platforms, and utilise new trading models and tools to expand the trading traffic portal. For institutional clients, it will rely on the institutional wealth management platform and leverage channel business integration and institutional wealth management as key drivers to deepen the buyer service system for institutional clients and enhance the scale and revenue of buyer businesses such as fund investment advisory, in-account investment advisory and product customization. It will improve clients' risk-return profiles and meet the needs of different customer segments through more diversified strategies. It will strengthen the construction of an ability evaluation system and training system for management cadres. It will fully advance its online business layout, continue to optimise service systems represented by "Good Doctor", and explore the application of AI technology while enhancing foundational technical systems. It will also accelerate the governance and application of underlying data, and advance comprehensive digital construction.

2. Research Business

During the Reporting Period, the Company continued to refine the research service system for its research business, fully leverage research value and deepen the effectiveness of business collaboration, leading to a comprehensive enhancement in investment research products and service capabilities. By strengthening multi-sector research linkages, delving into the exploration of research value, and focusing on leveraging the synergistic effects of its research business, the Company actively conducted research service activities to meet the professional research needs of both internal and external clients. The Company persistently upgraded its digital platforms, solidified the foundation for investment research, accumulated data assets for investment research, and constantly deepened platform collaboration to optimise and improve product production and management processes, thereby enhancing platform production efficiency and digital operational capabilities, and effectively expanding the reach and depth of research outcomes. In terms of the institutional sales business, it centered on the client, continued to advance the construction and functional iteration of the institutional investor work platform and service platform. It built and optimized a segmented and tiered, integrated business system encompassing the entire business chain. It also enhanced and improved the customer-driven and product-driven institutional sales and trading service matrix to thoroughly address the diverse needs of institutional investors, and provide them one-stop trading and service solutions.

Section 4 Report of the Board

Looking ahead to 2025, the Company's research business will further expand its research influence and solidify its leading edge, aiming to broaden its coverage of listed companies and institutional clients, and continue to increase its market share. The research business strives to rank among the top tier, focuses on empowering investment research and effectively promotes its value. Meanwhile, leveraging its expertise in industry-specific research, it will deepen its engagement across industry chains, further strengthen research support for the Company's various business lines and provide industry research empowerment to government departments.

(II) Investment Banking Business

The Company is engaged in the investment banking business through Hua Ying Securities, its wholly-owned subsidiary. Specifically, it mainly includes the equity financing business, bond financing business and financial advisory business.

1. Equity Financing Business

Market Environment

In 2024, the A-share equity financing market continued to experience a slowdown in issuance activity. In April, the State Council issued the Certain Opinions on Strengthening Supervision, Preventing Risks and Promoting the High-Quality Development of the Capital Market (《關於加強監管防範風險推動資本市場高質量發展的若干意見》) (the new "Nine Opinions of the State Council (國九條)"), which proposed to strictly control the access to issuance and listing, further improve the issuance and listing system, strengthen the responsibility of the whole chain of issuance and listing, and increase the supervision of issuance and underwriting. According to the statistics from Wind, 272 equity financing projects were completed in the A-share market in 2024, representing a year-on-year decrease of 505, with a financing amount of RMB312.355 billion, representing a year-on-year decrease of 69.75%.

Actions and Achievements

In 2024, amidst a significant decline in the scale of IPOs and refinancing, Hua Ying Securities adhered to the philosophy of customer-centric service, leveraging its strengths to provide diversified, long-chain financial services to real enterprises through multiple measures. It continuously improved its professional quality and solidified the foundation for high-quality development. During the Reporting Period, Hua Ying Securities completed 6 equity projects, including 1 IPO project and 5 refinancing projects, with a total underwriting amount of RMB2.65 billion.

Section 4 Report of the Board

In terms of IPO business, Hua Ying Securities completed one project on the Science and Technology Innovation Board, and successfully assisted Dameng Database in becoming the “first domestic database stock”. In addition, the jointly lead-underwritten Sinophorus Electronic IPO project on the Science and Technology Innovation Board has obtained approval, accelerating the pace of domestic production of semiconductor materials.

In terms of refinancing business, Hua Ying Securities completed 5 projects, with a total underwriting amount of RMB2.633 billion, including successfully completing the private placement project of Yueyang Xingchang (岳陽興長), assisting company in overcoming technical bottlenecks to advance the development of the high-end new materials industry of China. Other projects include the private placement project of Hengmingda (恒銘達) which supported the company to deepen their strategic deployment in two emerging industries, namely communications and new energy, and the private placement distribution project of Hymson (海目星) on the Science and Technology Innovation Board which empowered the company's transformation in strategic emerging industries and accelerated the formation of new quality productivity. Convertible bond projects include the Yuguang Gold and Lead (豫光金鉛) convertible bond project, which assisted the company in pursuing a green development path with its professional expertise, and the Hua Kang Medical (華康醫療) convertible bond project, which effectively helped the company achieve its goal of becoming a comprehensive service provider for modern medical purification systems. The number of convertible bonds underwriting deals and the underwriting amount ranked among the top in the industry.

The table below shows the details of equity underwriting and sponsorship business in 2024:

Currency: RMB

Items	2024		2023	
	Underwriting amount (In 100 million)	Number of issuances (Unit)	Underwriting amount (In 100 million)	Number of issuances (Unit)
Initial public offering	0.17	1	23.68	4
Refinancing issuance	26.33	5	15.88	2
Others	0.00	0	0.00	0
Total	26.50	6	39.56	6

Note: The above equity projects include lead underwriting, joint lead underwriting and sub-underwriting.

Section 4 Report of the Board

Outlook for 2025

In 2025, Hua Ying Securities will continue to expand the reserve of high-quality IPO and refinancing projects, with a focus on increasing the reserve of projects on the Science and Technology Innovation Board and the ChiNext, and continue to develop high-quality listed company refinancing projects. It will also increase the deployment of mergers and acquisitions and restructuring business, continue the training of the research system, so as to enable the business staff with adequate basic industry research capabilities in industrial mergers and acquisitions and restructuring, to explore the enterprise value, and to capture the mergers and acquisitions business opportunities. It will continue to regard the IPO business of the Beijing Stock Exchange as its key development direction, serves innovative small and medium-sized enterprises and focuses on creating some high-quality and characteristic projects.

2. Bond Financing Business

Market Environment

In 2024, the domestic bond issuance market remained robust overall. According to the data released by the People's Bank of China, a total of RMB79.62 trillion of various bonds were issued in the bond market in 2024, representing a year-on-year growth of 21.33%, including RMB42.42 trillion of financial bonds, RMB14.77 trillion of credit bonds and RMB22.43 trillion of other types of bonds.

Actions and Achievements

In 2024, Hua Ying Securities focused on products and sought new breakthroughs under stringent risk control, and endeavoured to support the development of the real economy by leveraging its expertise in bond product financing. Hua Ying Securities completed a total of 137 bond underwriting projects and 37 government bond sub-underwriting projects for the year, with a total underwriting amount of RMB40.268 billion, representing a year-on-year increase in the number of bond underwriting by 1.48%. It had 42 bond projects that had already obtained approvals and were pending issuance, and 31 bond projects under review, with a pending issuance amount exceeding RMB100 billion. Among these, it completed several benchmark projects with significant market influence, such as “24 Xichan K1 (24錫產K1)”, China’s first kind of bond dedicated to the aviation sector, and “24 Xichan K2 (24錫產K2)”, China’s first Yangtze River Delta integrated bond dedicated to the integrated circuits industry, and “24 Xin YK1 (24新YK1)”, China’s first AA subject technology innovation renewable corporate bond. Concurrently, the Company actively responded to national policies supporting bond financing for private enterprises by successfully issuing two private corporate bonds, namely “24 Ruimao 01 (24瑞茂01)” and “24 Ruimao 02 (24瑞茂02)”, which raised RMB500 million in total.

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The table below shows the details of the bonds underwriting business in 2024:

Currency: RMB

Items	2024		2023	
	Underwriting amount (In 100 million)	Number of issuances (Unit)	Underwriting amount (In 100 million)	Number of issuances (Unit)
Enterprise bonds	0.30	1	15.70	3
Corporate bonds	356.07	130	492.71	131
Financial bonds	9.93	6	0.00	0
Exchangeable bonds	0.00	0	0.00	0
Local government bonds	36.38	37	7.40	19
Others	0.00	0	0.00	1
Total	402.68	174	515.81	154

Note: The above bond projects include lead underwriting, joint lead underwriting and sub-underwriting.

Outlook for 2025

In 2025, Hua Ying Securities will continue to increase its bond projects portfolios, enhance its professional capacity in bond services, and focus on the successful issuance of key bond projects that have already obtained regulatory approval while ensuring compliance and quality. At the same time, it will actively improve its innovation capabilities and participate in underwriting key nationally encouraged varieties such as technology innovation bonds and green corporate bonds, thereby supporting the transformation and upgrading of traditional industries and fostering the development of new quality productivity tailored to local conditions.

3. *Financial Advisory Business*

Market Environment

According to the statistics from Wind, the number of announced transactions in China's mergers and acquisitions and restructuring market (excluding overseas mergers and acquisitions) in 2024 was 8,545, down by 580 transactions year-on-year, with a transaction value of RMB2,050.515 billion, representing a year-on-year decrease of 1.49%. The number of completed transactions was 3,519, down by 1,191 transactions year-on-year, with a transaction value of RMB457.777 billion, representing a year-on-year decrease of 54.44%. In 2024, the CSRC intensively introduced a number of policies and measures to support mergers and acquisitions and restructuring of listed companies. These measures encouraged listed companies to focus on their principal businesses to improve asset quality through mergers and acquisitions and restructuring, particularly in industrial mergers and acquisitions and restructuring. As a result, the mergers and acquisitions and restructuring business is expected to usher in a new opportunity for development.

Actions and Achievements

During the Reporting Period, Hua Ying Securities completed 156 financial advisory projects, including 10 mergers and acquisitions and restructuring projects, 4 recommended NEEQ listing projects, 1 NEEQ private placement project, 1 NEEQ mergers and acquisitions and restructuring project, and ongoing supervision for 95 enterprises on the NEEQ, including 28 at the innovation tier.

In terms of mergers and acquisitions and restructuring, with the launch of the new "Nine Opinions of the State Council (國九條)" and the Opinions on Deepening the Market Reform of Mergers and Acquisitions and Restructuring of Listed Companies (《關於深化上市公司併購重組市場改革的意見》) (the "Six Opinions on Mergers and Acquisitions"), Hua Ying Securities grasped the policy opportunities in mergers and acquisitions and restructuring and completed 10 mergers and acquisitions and restructuring financial advisory projects through strategic planning in terms of personnel and projects, thereby gradually forming a new business growth point. Among which, as the financial advisor of Hubei International Trade (湖北國貿), it completed the acquisition of Shanghai ACE (上海雅仕), helped both parties expand their development boundaries through the "Belt and Road" cross-border industrial collaborative supply chain business model. As the independent financial advisor of Olive Sensors (蘇奧傳感), a listed company, it completed the acquisition of equity in Bonaire Company (博耐爾公司) to expand the strategic development layout of listed companies' industry chain. As a financial advisor, it helped Hubei Agricultural Development Group (湖北農發集團) to complete the acquisition of equity in Runnong Water-saving (潤農節水), which was the first case of transfer of control of a listed company on the Beijing Stock Exchange following the release of the "Six Opinions on Mergers and Acquisitions".

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Outlook for 2025

In 2025, Hua Ying Securities will adhere to customer-focused measures and seize the opportunity presented by the recovering mergers and acquisitions and restructuring market, continue to carry out mergers and acquisitions and restructuring projects and staff deployment, conduct in-depth industry and sector research, and effectively implement mergers and acquisitions business. It will continue to emphasize the NEEQ business and strive to become a strong supplement to investment banking revenue. Additionally, it will steadfastly support the real economy and further enhance its comprehensive financial advisory service capabilities.

(III) Asset Management and Investment Business

1. Securities Asset Management Business

The Company is engaged in the securities asset management business through Guolian Assets Management, its wholly-owned subsidiary.

Market Environment

In 2024, with comprehensive in-depth financial reform, constant improvement of the multi-tier capital market system, gradual improvement of the supporting regimes and systems for asset management business, and acceleration of business upgrading and ecological reshaping by digital transformation, the asset management industry has transformed into a refined and regulated industry with high-quality development. For asset management institutions, promoting differentiated development strategies, strengthening active investment management capabilities, providing professional, multi-strategy integrated deployment solutions for clients, in-depth integration, and enhancing quality and efficiency are particularly important.

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Actions and Achievements

In May 2024, Guolian Assets Management was officially inaugurated, with a smooth transition of staff, business and system. Seizing the development opportunities of wealth management transformation, the company adhered to the business philosophy of “creating value through professionalism and growth through companionship”. Focusing on client needs, it implemented a customer-centric approach characterized by “comprehensive processes, professionalism and warmth” and aimed to create and strengthen investment and research capabilities with industry competitiveness. It built a product system radiating the entire life cycle and matched different risk preferences, which met the continuously diversified and in-depth wealth management needs of investors through professional asset deployment and diversified strategy output, achieved synergistic development in fixed-income, multi-deployment, equity and derivatives, ABS and other businesses, steadily ranked among medium-sized and above asset management institutions, and formed a good brand effect in the industry and among the clients.

As of the end of the Reporting Period, the entrusted funds of the Company's asset management business amounted to RMB142.533 billion, representing a year-on-year growth of 21.52%. The total number of asset management schemes under management was 323, among these, 4 were public-offered funds (including large-scale fund collections) products, with an asset size of RMB11.084 billion; 112 were Collective Asset Management Schemes, with an asset size of RMB49.125 billion; 126 were Single Asset Management Schemes, with an asset size of RMB40.240 billion; and 81 were Specialized Asset Management Schemes, with an asset size of RMB42.084 billion.

Currency: RMB

Categories	Size of asset management (In 100 million)		Operating income ¹ (In ten thousand)	
	End of 2024	End of 2023	2024	2023
Public-offered funds (including large-scale fund collections)	110.84	87.73	5,514.46	3,636.90
Collective Asset Management Scheme	491.25	209.57	7,718.85	5,290.62
Single Asset Management Scheme	402.40	491.54	3,377.14	4,338.62
Specialized Asset Management Scheme	420.84	384.08	6,307.73	5,710.55
Total	1,425.33	1,172.93	22,918.18	18,976.69

Note 1: According to the standards of SAC.

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Outlook for 2025

In 2025, Guolian Assets Management will continue to adhere to professional values, fulfill social responsibilities, and serve the nation's overall economic development layout. Under the new market environment, the company will continue to improve both internally and externally, perform well in dynamic asset deployment and enhance client service capabilities. With a mindset geared toward adaptability, it will address the genuine needs of investors by creating a comprehensive product tool system and cultivating a precise, companion-style service system. Leveraging the unique resource advantages of securities asset management, the company will collaborate in investment and research, control risks, establish a brand name, further build differentiated advantages, promote the construction of business digitization, co-ordinate the systemisation of systems and platforms such as compliance and internal control, institutional services, and investment and research integration, and seek to strengthen its comprehensive strengths and innovate its business model reform to drive its business development towards a new height of high-quality transformation.

2. Public-offered Fund Management Business

The Company holds a 75.5% equity interest in Guolian Fund. The business scope of Guolian Fund includes public-offered securities investment fund management, fund sales and asset management for specific clients.

Market Environment

In 2024, a series of policy measures aimed at fostering the long-term investment market ecosystem, such as promoting the entry of medium- and long-term funds into the market, were launched, providing a strong guarantee for the long-term development of the capital market. As the new "Nine Opinions of the State Council (國九條)" and supporting policies continued to be rolled out and steadily implemented, clarifying the high-quality development path for public-offered funds. The industry continued to rectify its foundations with a management scale exceeding RMB32 trillion. As the scale of passive index funds surpassed that of active equity funds, index funds became an important tool for the long-term funds to enter the market, and the scale of bond funds realized further growth, the market structure of public-offered funds underwent historic changes. The reform of fee rates in the public-offered funds industry progressed steadily, with more regulated management of securities transaction fees, leading to an overall decline in the industry's comprehensive fee levels and further driving high-quality development of the industry.

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Actions and Achievements

In 2024, Guolian Fund actively fulfilled the original mission of “serving the public through finance (金融為民)”. Focusing on its principal business, the company endeavoured to play the function of “manager” of social wealth, strengthened and enhanced the investment and research strength and the standard of customer service, comprehensively promoting high-quality development of its business. As of the end of 2024, the total asset management scale of Guolian Fund was RMB196.196 billion, representing an increase of 31.88% compared with the end of last year. Of which, the non-monetary public-offered funds management scale was RMB132.336 billion, representing an increase of 30.29% compared with the end of last year, with 87 public-offered funds under management. According to the data of China Galaxy Securities Fund Research Center, Guolian Fund ranked 16th out of 106 companies in terms of active stock management ability over the past four years, 48th out of 113 companies in terms of active stock management ability over the past three years, 45th out of 107 companies in terms of active bond management ability over the past four years, and 42nd out of 119 companies in terms of active bond management ability over the past three years.

Outlook for 2025

In 2025, with the implementation of various guiding documents and policies, the asset management industry and the public-offered fund industry will further revert to their fundamentals. Leveraging its business and professional strengths, Guolian Fund will continue to enhance its core competitiveness in investment and research and customer service standards by meeting clients’ wealth management needs. It remains committed to the philosophy of long-term value investing, consistently developing product systems that align with investors’ wealth management requirements. Upholding stringent compliance standards, Guolian Fund will proactively fulfill its mission of inclusive finance and social responsibility, driving further high-quality development of its business.

3. Private Equity Investment Business

The Company is engaged in the equity investment business through the equity investment fund under Guolian Capital, its wholly-owned subsidiary.

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Market Environment

In 2024, China's private equity market continued to go low on both the fundraising and investment aspects. On the fundraising side, factors such as insufficient long-term capital supply and market capital mismatches led to a sustained decline in the number and scale of new funds. Difficulties in fundraising and exits forced investment institutions to reduce the frequency and scale of their investments. In terms of fund providers, the development of state-owned LPs as a major component of market funding, combined with the accelerated entry of banks and insurance funds, as well as the synchronization of mergers and acquisitions, was expected to inject vitality into the market. According to the statistics from CVSource, the number of new funds in private equity market in 2024 was 4,834, representing a year-on-year decrease of 41.9%, and the subscription size of new funds was RMB2,452.19 billion, representing a year-on-year decrease of 43.3%. In terms of investment sectors, the electronic information industry continued to lead the market in 2024, with the number and scale of investments winning the top spots, while the advanced manufacturing industry rose rapidly, with the number of investments increasing by 53%.

Actions and Achievements

In 2024, Guolian Capital proactively explored market-oriented channels, identifying project resources and exploring business cooperation opportunities through external visits, market-oriented channels and internal-external collaboration. While focusing on the specialized areas of its strengths, it paid close attention to the macroeconomic trends, policy directions and industry developments to promptly adjust its investment strategies. During the Reporting Period, Guolian Capital established two new funds, namely Guolian Xizhou Tongrui Medical Investment (Wuxi) Partnership (Limited Partnership) (國聯錫洲通瑞醫療投資(無錫)合夥企業(有限合夥)) and Hu-Su Guolian Ceyuan (Yancheng) Investment Fund Partnership (Limited Partnership) (滬蘇國聯策源(鹽城)投資基金合夥企業(有限合夥)), with newly added management scale of RMB440 million. As of the end of the Reporting Period, Guolian Capital had 22 subsisting filing funds, with subsisting filing scale of RMB6.59 billion and cumulative investments of RMB2.787 billion.

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Outlook for 2025

In 2025, Guolian Capital will continue to reinforce its cooperation with government-guided funds and market-oriented professional organisations. It will deepen its presence in key regions such as the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area, and expand opportunities for cooperation with local governments in the form of inviting and landing of major projects and cooperation with industrial funds. It will enhance resource partnerships with external channels such as insurance capital, banks and listed companies to look for in-depth business collaboration opportunities, and continue to explore potential cooperation in business such as fund establishment. Focusing on investment areas such as energy and environmental protection, medical and healthcare, equipment manufacturing, high technology and extensive consumption, Guolian Capital will adjust investment expectations and strategies as needed to effectively navigate the ongoing volatility and complex market environment. This approach aims to achieve the strategic goals of sustainable development and long-term value creation.

(IV) Credit Transaction Business

1. *Margin Financing and Securities Lending Business*

Market Environment

During the Reporting Period, the regulatory authorities further strengthened their oversight of margin financing and securities lending business, with the policy environment constantly improving. This provided more comprehensive institutional safeguards for the margin financing and securities lending market, with greater emphasis on risk management and control. As of the end of the Reporting Period, the balance of margin financing and securities lending in the entire market reached RMB1,864.583 billion, of which the balance of margin financing was RMB1,854.145 billion and the balance of securities lending was RMB10.438 billion, representing an increase of 12.94% as compared to the balance of margin financing and securities lending in the entire market of RMB1,650.896 billion at the end of 2023.

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Actions and Achievements

During the Reporting Period, the margin financing and securities lending business of the Company continued to optimise its customer segmentation and tiering, improved its value system, stabilised existing clients and strengthened its competitive edge and capabilities in acquiring new customers. It continued to strengthen basic investment and education, combined with internal business trainers to develop a curriculum system that empowers business operations, supported branches in conducting margin financing and securities lending business, and produced a series of business promotional materials to promote the development of the business by grasping the market situation. Additionally, it actively studied new regulatory regulations, recalibrated processes, continued pressure testing, and linked up the headquarters and branches to establish a comprehensive risk management system at the operating level. This ensured zero risks and zero margin calls in the margin financing and securities lending business. During the Reporting Period, the balance of margin financing and securities lending of the Company repeatedly reached new highs. The balance of margin financing and securities lending of the Company at the end of 2024 was RMB11.527 billion, representing an increase of 12.84% compared to the end of 2023.

Outlook for 2025

In 2025, the Company will continue to improve the marketing system development for its margin financing and securities lending business, leverage on the financial technology to integrate internal and external resources, fully tap into customers' needs and further enhance its business competitiveness. It will expand the application scenarios of margin financing and securities lending business, and deeply integrate business into the entire customer service system, thereby forming a differentiated and distinctive competitive advantage.

2. *Stock Pledged Repurchase Business*

Market Environment

In 2024, the scale of the market's stock pledged repurchase business maintained a gentle downward trend. Under the series of financial policies such as the new "Nine Opinions of the State Council (國九條)", share repurchase and increased holdings, and market capitalisation management, market risks were further mitigated, with the overall market risk declining. Amid a looser monetary and financial environment, the interest rates for stock pledges broadly decreased, while competition in the business intensified.

Actions and Achievements

During the Reporting Period, the Company conducted business according to market conditions and under the principles of stability and conservation. As of the end of the Reporting Period, the principal balance of stock pledged repurchase business of the Company was RMB1.521 billion, representing a decrease of RMB873 million compared with the scale of RMB2.394 billion at the end of 2023. Of which, the balance of investment (on-balance sheet) stock pledged repurchase business was RMB1.330 billion, representing an increase of RMB1.0 million compared with the scale of RMB1.329 billion at the end of 2023, with an average performance guarantee ratio of 325.42%. The balance of management (off-balance sheet) stock pledged repurchase business was RMB191 million, representing a decrease of RMB874 million compared with the scale of RMB1.065 billion at the end of 2023, with an average performance guarantee ratio of 318.32%.

Outlook for 2025

In 2025, the Company will continue to adopt the principle of conservation in the development of the stock pledged repurchase business, and will strengthen compliance risk control to promote its stable development. The Company will keep abreast of the market and policy dynamics, and facilitate the enhancement of market value management through financing tools such as equity pledges and exercise financing. By strengthening internal business synergies, the Company aims to provide listed companies with comprehensive financial service solutions, thereby boosting market competitiveness.

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(V) Proprietary Trading Business

Market Environment

In 2024, China's economy maintained overall stability with solid progress in high-quality development but still faced difficulties and challenges such as increased external uncertainty and relatively weak domestic demand. In addition, monetary policy remained proactive, and a package of incremental policies was introduced intensively from late September onwards. In this context, the A-share market experienced a sharp and rapid adjustment before the Chinese New Year, followed by a rapid post-holiday rebound after a series of policy enhancements. After the annual report season, investors' concern over the delisting risk of small-cap stocks surged significantly, coupled with the anticipated expansionary fiscal and monetary policies failed to materialize after May, it led to a sustained market downturn once again, with indices dropping to their lowest levels of the year and nearly half of companies hitting new lows since the beginning of the year. By the end of the third quarter, the market experienced a rapid upturn driven by strong policy support for stock market development. Meanwhile, the bond market was generally bullish in 2024, with the yield on 10-year treasury bonds trending downward amid fluctuations. Credit products exhibited higher volatility, with credit spreads narrowing down from January to August due to the rapid downward movement of credit products fuelled by "asset scarcity", and with spreads widening from late August due to intensified adjustments in credit products. Taking the entire year into consideration, the yield on 10-year treasury bonds declined from 2.56% at the beginning of the year to 1.68% at the end of the year, down 88BP, while the yield on 1-year AA+ medium-term notes declined from 2.63% at the beginning of the year to 1.78% at the end of the year, 85BP lower.

Actions and Achievements

For equity proprietary trading business, the Company has all along been taking absolute return as its target and adhering to its principle of value investment, adopted fundamental research as a starting point, and developed the business steadily while taking risks and returns into consideration. In 2024, with dividend value shares deployment as the backing and selected growth stocks as the target, the Company optimised and adjusted the position types of its securities investment business timely and fully captured the market uptrend at the end of the third quarter, and achieved higher returns overall, with the yield rate on active investment outperforming that of the CSI 300 index significantly.

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For fixed-income business, the Company has always adhered to the concept of fixed-income business of “sellers” with steady investment and focusing on clients’ needs as its core. For investment transactions, the Company continued to expand its investment products, enrich its investment strategies and stringently control its credit risks to achieve steady returns. Since the Company was officially qualified as an interbank spot bond market maker on 1 March 2024, trading volume has surged significantly due to superior market-making capabilities. The Company launched the “Guolian Securities 3-7 Year Jiangsu Bond Basket (國聯證券3-7年江蘇債籃子)” to actively support regional development. For the capital intermediary business, the Company constantly enriches its product lines and broadens its client channels to address diverse client needs. In 2024, the Company won a number of industry accolades for its fixed-income business.

For equity derivatives business, the Company practised technology-driven finance by continuously enhancing digital operations and building an intelligent comprehensive risk management system. Concurrently, it promotes green finance to guide investors toward green-themed asset allocations. For derivatives business, the Company took clients’ risk management needs as the guiding principle, continued to enhance its trading and pricing capabilities, deepened product innovation, and explored and addressed clients’ investment and allocation needs in the domestic market in depth. In terms of quantitative investment, the Company actively responded to market fluctuations and enhanced its investment and research capabilities. Focusing on fulfilling its social responsibility, the Company actively applied for the qualification of share options market-making business and listed securities market-making trading business for its market-making business (preparation).

Outlook for 2025

For equity proprietary trading business, the Company will continue to intensify its macro and market research and judgment, improve the depth and breadth of fundamental research, enhance the construction of its investment research and risk control system to develop a stock investment business steadily. In 2025, from the perspectives of policy triggers, valuation standards, improved sentiment and the impact of external environment, the downward trend of the A-share market has been reversed, and the market is expected to move upward amidst turbulence in the future under the premise of medium- and long-term liquidity easing, with continued policy impetus and positive feedback from the macro-economy. In 2025, the Company will further optimise the leveraging strategy of its equity investment business, focusing more on the layout of medium and long-term opportunities and further selecting growing individual stocks, supplementing with multi-strategic investment models such as private placement and convertible bonds to achieve a balance between risks and returns, and carry out stock investment business steadily.

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For fixed income business, the Company will further solidify its “sellers” fixed-income expertise, expand business qualifications, and elevate client service capabilities to meet diversified and personalized needs of its clients. By continuing to enhance its investment research capability, diversifying investment products and strategies, and intensifying credit risk screening, the Company aims to enhance profitability and earnings stability. Through continuously improving market-making capabilities, the Company will actively provide liquidity to the market.

For equity derivatives business, the Company will continue to focus on giving priority to the development of technology finance, green finance, inclusive finance, pension finance, and digital finance, optimise products and services to provide enterprises with the entire life cycle financial services. It will also strengthen its risk management capabilities to prevent and control position risks, optimise financial supply, and integrate with wealth management to facilitate investors in realising cross-category deployment, risk hedging, income enhancement and other diversified investment and deployment objectives. Also, the Company will support national strategies by continuing to propel licence applications in other niche areas.

(III) Financial Statements Analysis

1. Analysis on the Profitability of the Company during the Reporting Period

During the Reporting Period, the Chinese securities market showed a complicated trend of “initial decline, followed by a rebound, then fluctuate”. Securities companies as a whole encountered pressure in the first three quarters. In facing the complicated market environment, the Company maintained its focus, seized opportunities, and efficiently advanced strategic mergers and acquisitions. The competitiveness of most of the businesses had improved to varying degrees. The Company strictly adhered to the bottom line of compliance and risk control, deepened its “forging of strengths (鑄長板)” of business, and promoted sound business development.

During the Reporting Period, the Group generated total revenue, net investment gains and other income of RMB4,214.93 million, representing a year-on-year decrease of 3.89%. Net profit attributable to shareholders of the Company amounted to RMB397.42 million, representing a year-on-year decrease of 40.80%. Earnings per share amounted to RMB0.14, representing a year-on-year decrease of 41.67%. The weighted average returns on net assets amounted to 2.19%, representing a year-on-year decrease of 1.70 percentage points.

2. Asset Structure and Asset Quality

As at the end of the Reporting Period, total assets of the Group amounted to RMB97,208.14 million, representing an increase of 11.57% as compared to RMB87,128.87 million as at the end of 2023. Total liabilities amounted to RMB78,260.13 million, representing an increase of 13.41% as compared to RMB69,005.32 million as at the end of 2023. Equity attributable to shareholders of the Company amounted to RMB18,584.33 million, representing an increase of 4.59% as compared to RMB17,768.69 million as at the end of 2023.

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During the Reporting Period, the asset structure remained stable with sound asset quality and liquidity. As at the end of the Reporting Period, total assets of the Group comprised of: cash assets, which amounted to RMB21,002.52 million, representing 21.60% of the total assets, and primarily included cash and bank balances (including cash held for brokerage clients), clearing settlement funds and refundable deposits; margin financing assets, which amounted to RMB22,024.94 million, representing 22.66% of the total assets, and primarily included margin accounts receivable and financial assets held under resale agreements; financial investment assets, which amounted to RMB49,683.10 million, representing 51.11% of the total assets, and primarily included interests in an associate and a joint venture and investment in financial assets; and operating assets, which amounted to RMB4,497.58 million, representing 4.63% of the total assets, and primarily included property and equipment, goodwill and intangible assets. During the Reporting Period, the Group performed impairment assessment on margin accounts receivable, financial assets held under resale agreements, debt instruments at fair value through other comprehensive income, accounts receivable and other receivables using the expected credit loss model. There was no evidence showing that the assets of the Group may be subject to significant impairment.

In light of market condition, the Company strengthened its liquidity management, expanded its business scale and prevented credit risk. As at the end of the Reporting Period, liabilities after deducting accounts payable to brokerage clients amounted to RMB63,694.96 million, representing a year-on-year increase of RMB3,735.74 million or 6.23%. The gearing ratio of the Group was 77.07%, representing an increase of 0.28 percentage point from 76.79% as at the end of 2023 (Note: Gearing ratio = (total liabilities – accounts payable to brokerage clients)/(total assets – accounts payable to brokerage clients)). Operating leverage ratio was 4.45 times, representing an increase of 1.37% from 4.39 times as at the end of 2023 (Note: Operating leverage ratio = (total assets – accounts payable to brokerage clients)/equity attributable to shareholders of the Company).

3. Financing Channels and Financing Capability

Through a variety of financing methods, including equity financing and various debt financing, the Company continued to supplement its working capital and constantly enhancing its capital strengths to ensure the liquidity security of the Company. During the Reporting Period, the Company cumulatively added RMB10.135 billion through various debt financing instruments (excluding inter-bank borrowing transactions and issued floating-income type income certificates), and repaid the principal of matured debt financing of RMB10.595 billion cumulatively. The remaining principal amount of outstanding debt financing of the Company at the end of 2024 was RMB24.415 billion in total. The average interest rate level of new debt financing decreased compared with previous years. In addition, there was an outstanding inter-bank credit borrowing of RMB9.97 billion.

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4. Liquidity Management Information of the Company

The Company has always paid great attention to liquidity management by adhering to the principles of comprehensiveness, prudence and foreseeability and focusing on the organic integration of the security, liquidity and profitability of capital, so as to ensure the safety and control of the overall liquidity of the Company. The Asset and Liability Committee of the Company is responsible for the overall planning of asset and liability deployment and structure, and equipped with a sound management system and corresponding business processes for management. In light of the development of the market and industry and combined with the Company's strategic deployment and actual situation, asset and liability deployment are analysed multi-dimensionally with constant optimization of asset and liability deployment, ensuring that the scale and term structure of assets and liabilities meet business development while maintaining appropriate high-quality liquid assets. The Company has established sound liquidity risk management system to strengthen the monitoring and control of daily liquidity situation and liquidity risk, and keep abreast of the demand for and application of funds in a timely manner. It regularly submitted liquidity monitoring statement and analysis of changes. At the same time, the Company assessed its liquidity pressure under extreme conditions through liquidity risk stress tests, so as to ensure the liquidity monitoring indicators in every period continued to meet the regulatory requirements. It made liquidity contingency plans to prevent sudden liquidity risks.

During the Reporting Period, the overall liquidity risk of the Company was controllable and remained at a more secured level.

5. Cash Flows

As the Group's cash inflow generated from the operating activities and investing activities in the current year was more than the cash outflow from financing activities, the net increase in cash and cash equivalents was RMB7,289.51 million.

Net cash flows from operating activities in 2024 was RMB8,177.26 million, representing a year-on-year increase of RMB7,397.47 million as compared with RMB779.79 million for the corresponding period in 2023. Net cash flows from investing activities in 2024 was RMB1,373.77 million, representing a year-on-year increase of RMB2,278.59 million as compared with RMB-904.82 million for the corresponding period in 2023. Net cash flows from financing activities in 2024 was RMB-2,261.52 million, representing a year-on-year decrease of RMB5,982.27 million as compared with RMB3,720.75 million for the corresponding period in 2023. Net increase in cash and cash equivalents in 2024 was RMB7,289.51 million, representing a year-on-year increase of RMB3,693.79 million as compared with RMB3,595.72 million for the corresponding period of 2023.

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6. Analysis of Financial Data

(1) Items under income statement

Summary of financial results

During the Reporting Period, the Group's profit before income tax amounted to RMB372.81 million, representing a year-on-year decrease of 54.83%. The key financial results are as follows:

Unit: in RMB million

Items	2024	2023	Increase/ decrease	Growth rate year-on-year
Revenue				
Commission and fee income	2,003.86	1,805.29	198.57	11.00%
Interest income under effective interest method	1,221.52	1,330.28	-108.76	-8.18%
Net investment gains	976.21	1,243.46	-267.25	-21.49%
Other income	13.34	6.54	6.80	103.98%
Total revenue, net investment gains and other income	4,214.93	4,385.57	-170.64	-3.89%
Total expenses	3,864.75	3,643.60	221.15	6.07%
Profit before income tax	372.81	825.42	-452.61	-54.83%
Income tax (credit)/expense	-33.43	150.87	-184.30	-122.16%
Profit for the year	406.23	674.55	-268.32	-39.78%
Net profit attributable to shareholders of the Company	397.42	671.32	-273.90	-40.80%

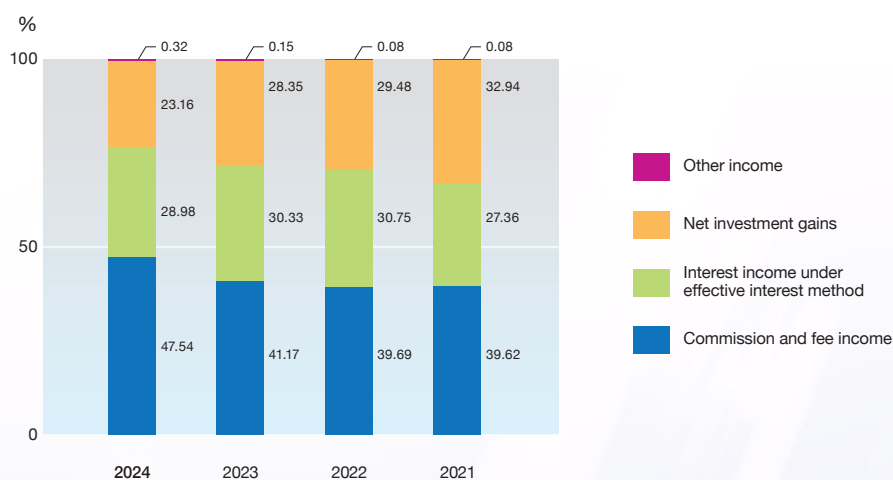
Section 4 Report of the Board

Revenue structure

During the Reporting Period, total revenue, net investment gains and other income of the Group amounted to RMB4,214.93 million, representing a year-on-year decrease of 3.89%, among which, 47.54% was generated from commission and fee income, representing a year-on-year increase of 6.37 percentage points; 28.98% was generated from interest income under effective interest method, representing a year-on-year decrease of 1.35 percentage points; 23.16% was generated from net investment gains, representing a year-on-year decrease of 5.19 percentage points. The revenue structure of the Group in the past four years is as follows:

Percentage	2024	2023	2022	2021
Commission and fee income	47.54%	41.17%	39.69%	39.62%
Interest income under effective interest method	28.98%	30.33%	30.75%	27.36%
Net investment gains	23.16%	28.35%	29.48%	32.94%
Other income	0.32%	0.15%	0.08%	0.08%
Total	100.00%	100.00%	100.00%	100.00%

The bar chart below shows the structure comparison:



In facing the complicated market environment, the Company maintained its focus, seized opportunities, and deepened its “forging of strengths (鑄長板)” of business to promote sound business development.

Section 4 Report of the Board

Commission and fee income

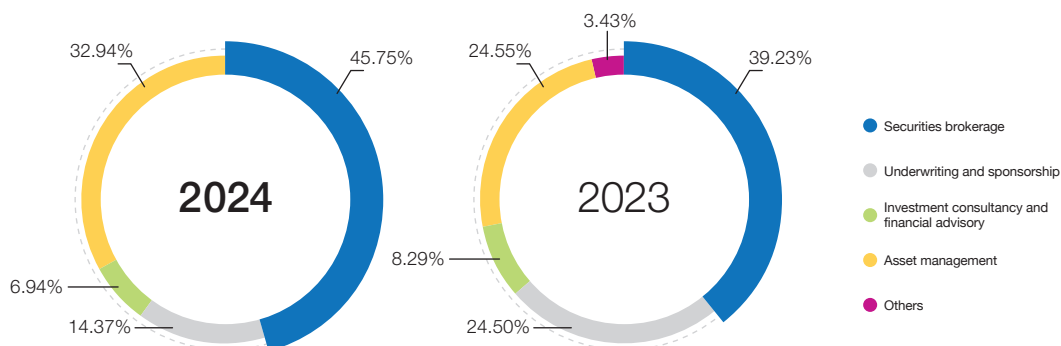
During the Reporting Period, the net commission and fee income of the Group amounted to RMB1,783.34 million, representing a year-on-year increase of 14.75%. The composition of the Group's commission and fee income for 2024 was as follows:

Unit: in RMB million

Items	2024	2023	Increase/ decrease	Growth rate year-on-year
Commission and fee income				
Securities brokerage	916.76	708.27	208.49	29.44%
Underwriting and sponsorship	287.89	442.21	-154.32	-34.90%
Investment consultancy and financial advisory	139.02	149.70	-10.68	-7.13%
Asset management	660.19	443.13	217.06	48.98%
Others	0.00	61.98	-61.98	-100.00%
Total commission and fee income	2,003.86	1,805.29	198.57	11.00%
Commission and fee expenses	220.52	251.12	-30.60	-12.19%
Net commission and fee income	1,783.34	1,554.17	229.17	14.75%

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The Group's commission and fee income consists of:



During the Reporting Period, commission and fee income of the Group amounted to RMB2,003.86 million, representing a year-on-year increase of 11.00%, with significant growth in income from asset management and securities brokerage.

During the Reporting Period, Guolian Assets Management officially commenced its operations. By adhering to the business philosophy of “creating value through professionalism and growth through companionship”, it met the continuously diversified and in-depth wealth management needs of investors through professional asset deployment and diversified strategy output, with the entrusted funds of the asset management business increasing by 21.52% year-on-year. Guolian Fund strengthened its investment research capabilities and client service standards, with its total asset management scale increasing by 31.88% as compared to the end of last year. The income from the asset management business increased by RMB217.06 million or 48.98% year-on-year.

During the Reporting Period, the activity level of domestic securities market robusted significantly, leading to the commission and fee income generated from securities brokerage business increasing by RMB208.49 million or 29.44% year-on-year.

During the Reporting Period, despite the substantial decline in the scale of the equity financing business, Hua Ying Securities completed 6 equity projects, including 1 IPO project and 5 refinancing projects; the number of underwriting from bond business rose slightly year-on-year but the underwriting scale declined year-on-year, and the underwriting and sponsorship income from investment banking business decreased by RMB154.32 million or 34.90% year-on-year.

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Interest income under effective interest method

During the Reporting Period, net interest income of the Group amounted to RMB-99.95 million, representing a year-on-year decrease of 222.70%. The composition of the Group's interest income under effective interest method for 2024 was as follows:

Unit: in RMB million

Items	2024	2023	Increase/ decrease	Growth rate year-on-year
Interest income under effective interest method				
Interest income from bank deposits and clearing settlement funds	364.44	331.43	33.01	9.96%
Interest income from financial assets held under resale agreements	188.92	181.45	7.47	4.12%
Interest income from margin financing	527.53	557.85	-30.32	-5.44%
Interest income from debt instruments at fair value through other comprehensive income	140.63	259.54	-118.91	-45.82%
Total interest income under effective interest method	1,221.52	1,330.28	-108.76	-8.18%
Interest expenses	1,321.47	1,248.82	72.65	5.82%
Net interest income	-99.95	81.46	-181.41	-222.70%

During the Reporting Period, the activity level of domestic securities market robusted significantly, leading to a rise in the accounts payable to brokerage clients, whereby the interest income from bank deposits and clearing settlement funds increased by RMB33.01 million or 9.96% year-on-year.

During the Reporting Period, the Group seized market opportunities and saw an increase in the scale of bond pledged repurchase, whereby the interest income from financial assets held under resale agreements increased by RMB7.47 million or 4.12% year-on-year.

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During the Reporting Period, the Group strictly controlled credit risk and adhered to the philosophy of prudent investment, whereby the scale of debt instruments at fair value through other comprehensive income decreased, with interest income decreased by RMB118.91 million or 45.82% year-on-year.

During the Reporting Period, to support the business development, the interest expenses of the Group increased by RMB72.65 million or 5.82% year-on-year.

Net investment gains

During the Reporting Period, the net investment gains of the Group amounted to RMB976.21 million, representing a year-on-year decrease of 21.49%. The composition of the Group's net investment gains for 2024 was as follows:

Unit: in RMB million

Items	2024	2023	Increase/ decrease	Growth rate year-on-year
Realised gains from disposal of financial assets at fair value through profit or loss	317.17	357.28	-40.11	-11.23%
Realised gains/(losses) from disposal of financial liabilities at fair value through profit or loss	0.50	-0.31	0.81	—
Realised gains from disposal of debt instruments at fair value through other comprehensive income	27.17	10.06	17.11	170.08%
Net realised gains/(losses) from derivative financial instruments	302.79	-879.79	1,182.58	—
Interest income from financial assets at fair value through profit or loss	811.11	704.22	106.89	15.18%
Dividends from financial assets at fair value through profit or loss	131.34	66.44	64.90	97.68%

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Items	2024	2023	Increase/ decrease	Growth rate year-on-year
Dividend income from equity instruments at fair value through other comprehensive income	363.65	308.54	55.11	17.86%
Distribution to interest holders of consolidated SEs	0.00	0.01	-0.01	-100.00%
Unrealised fair value change of financial instruments at fair value through profit or loss				
– Financial assets at fair value through profit or loss	-80.92	-228.16	147.24	–
– Derivative financial instruments	-832.31	945.66	-1,777.97	-188.01%
– Financial liabilities at fair value through profit or loss	-64.29	-40.49	-23.80	–
Total	976.21	1,243.46	-267.25	-21.49%

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Operating expenses

During the Reporting Period, operating expenses of the Group (excluding commission and fee expenses and interest expenses) amounted to RMB2,322.77 million, representing a year-on-year increase of 8.36%. The composition of the Group's operating expenses was as follows:

Unit: in RMB million

Items	2024	2023	Increase/ decrease	Growth rate year-on-year
Operating expenses				
Staff costs	1,422.07	1,377.07	45.00	3.27%
Depreciation and amortisation	306.24	270.53	35.71	13.20%
Other operating expenses	614.92	524.65	90.27	17.21%
Impairment losses under expected credit loss model, net of reversal	-20.46	-28.60	8.14	—
Total	2,322.77	2,143.66	179.11	8.36%

During the Reporting Period, the Group supported business development, strengthened performance evaluations, and enhanced system construction, with a slight year-on-year increase in operating expenses.

The impairment losses under expected credit loss model, net of reversal of the Group was RMB-20.46 million, details of which are as follows:

Unit: in RMB million

Items	2024	2023	Increase/ decrease	Growth rate year-on-year
Impairment losses under expected credit loss model, net of reversal				
Margin accounts receivable	-1.89	-3.22	1.33	—
Financial assets held under resale agreements	-10.50	-11.90	1.40	—
Accounts receivable and other receivables	-0.57	0.67	-1.24	-185.07%
Debt instruments at fair value through other comprehensive income	-7.50	-14.14	6.64	—
Total	-20.46	-28.60	8.14	—

Section 4 Report of the Board

(2) Assets

As at the end of the Reporting Period, total assets of the Group amounted to RMB97,208.14 million, representing an increase of RMB10,079.27 million or 11.57% year-on-year.

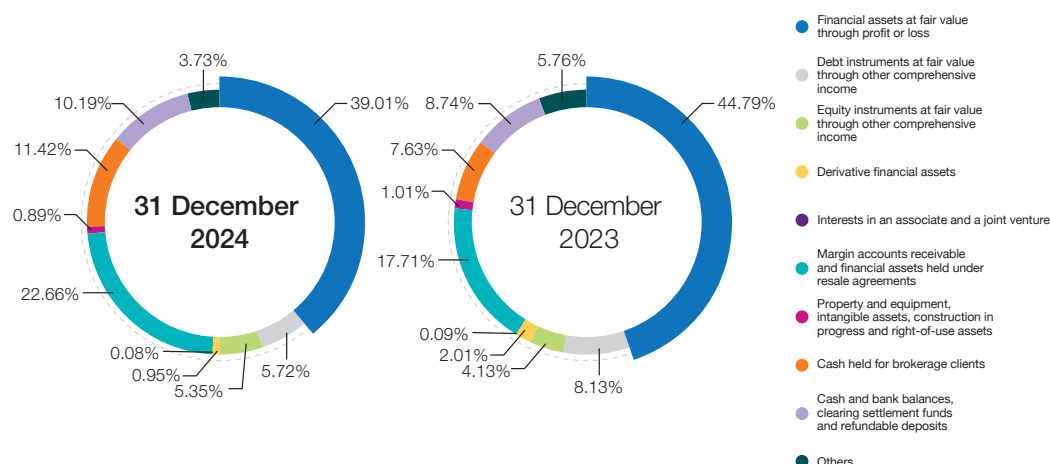
Changes in the Group's assets are as follows:

Unit: in RMB million

Items	31 December 2024	31 December 2023	Increase/ decrease	Growth rate year-on-year
Financial assets at fair value through profit or loss	37,920.65	39,027.24	-1,106.59	-2.84%
Debt instruments at fair value through other comprehensive income	5,561.04	7,083.36	-1,522.32	-21.49%
Equity instruments at fair value through other comprehensive income	5,200.85	3,600.40	1,600.45	44.45%
Derivative financial assets	923.19	1,747.24	-824.05	-47.16%
Interests in an associate and a joint venture	77.37	75.78	1.59	2.10%
Margin accounts receivable and financial assets held under resale agreements	22,024.94	15,433.58	6,591.36	42.71%
Property and equipment, intangible assets, construction in progress and right-of-use assets	869.62	883.10	-13.48	-1.53%
Cash held for brokerage clients	11,096.74	6,650.43	4,446.31	66.86%
Cash and bank balances, clearing settlement funds and refundable deposits	9,905.78	7,610.64	2,295.14	30.16%
Others	3,627.96	5,017.10	-1,389.14	-27.69%
Total	97,208.14	87,128.87	10,079.27	11.57%

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The composition of the Group's total assets:



Investments

The Group's investments consist of financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, interests in an associate and a joint venture and derivative financial assets.

During the Reporting Period, the Group has all along been taking absolute return as its target, deepening product innovation and forming a multi-category and multi-strategy regime, with a view to steadily expanding its business while taking into account both risk and return. As at the end of the Reporting Period, the Group's total investments amounted to RMB49,683.10 million, representing a decrease of RMB1,850.92 million or 3.59% year-on-year. The percentage of total investments to total assets was 51.11%, representing a year-on-year decrease of 8.04 percentage points.

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Margin financing

The Group's margin financing assets consist of margin accounts receivable and financial assets held under resale agreements.

The Group constantly optimised customer segmentation and tiering, improved its value system, stabilised existing clients and strengthened its competitive edge and capabilities in acquiring new customers, resulting in a year-on-year increase in the period-end scale of margin accounts receivable as at the end of the Reporting Period. The Group seized the market opportunities and saw an increase in the period-end scale of bond pledged repurchase, with the margin financing assets amounting to RMB22,024.94 million as at the end of the Reporting Period, representing an increase of RMB6,591.36 million or 42.71% year-on-year, and accounting for 22.66% of the Group's total assets.

(3) Liabilities

As at the end of the Reporting Period, total liabilities of the Group amounted to RMB78,260.13 million, representing an increase of RMB9,254.81 million or 13.41% year-on-year.

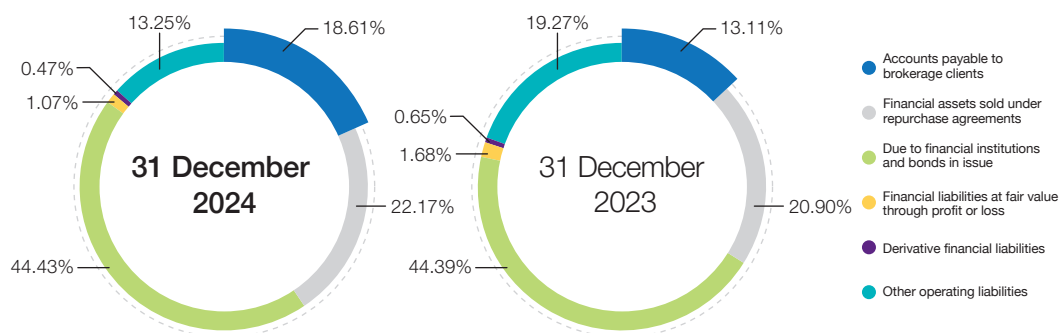
Changes in the Group's liabilities are as follows:

Unit: in RMB million

Items	31 December 2024	31 December 2023	Increase/ decrease	Growth rate year-on-year
Liabilities				
Accounts payable to brokerage clients	14,565.17	9,046.10	5,519.07	61.01%
Financial assets sold under repurchase agreements	17,349.42	14,421.56	2,927.86	20.30%
Due to financial institutions and bonds in issue	34,774.75	30,632.09	4,142.66	13.52%
Financial liabilities at fair value through profit or loss	834.67	1,162.75	-328.08	-28.22%
Derivative financial liabilities	366.27	447.64	-81.37	-18.18%
Other operating liabilities	10,369.85	13,295.18	-2,925.33	-22.00%
Total	78,260.13	69,005.32	9,254.81	13.41%

Section 4 Report of the Board

The composition of the Group's total liabilities:



As at the end of the Reporting Period, the activity level of domestic securities market robusted significantly, leading to the accounts payable to brokerage clients of the Group amounting to RMB14,565.17 million, representing an increase of RMB5,519.07 million or 61.01% year-on-year, and accounting for 18.61% of the Group's total liabilities.

As at the end of the Reporting Period, due to the increase in the scale of pledged financial assets sold under repurchase agreements, the financial assets sold under repurchase agreements of the Group amounted to RMB17,349.42 million, representing an increase of RMB2,927.86 million or 20.30% year-on-year, and accounting for 22.17% of the Group's total liabilities.

As at the end of the Reporting Period, in order to support the Company's business development, the due to financial institutions and bonds in issue of the Group amounted to RMB34,774.75 million, representing an increase of RMB4,142.66 million or 13.52% year-on-year, and accounting for 44.43% of the Group's total liabilities. The composition of the Group's due to financial institutions and bonds in issue was as follows:

Unit: in RMB million

Items	31 December 2024	31 December 2023	Increase/decrease	Growth rate year-on-year
Due to financial institutions and bonds in issue				
Due to financial institutions	9,972.28	5,314.01	4,658.27	87.66%
Bonds in issue	24,802.47	25,318.08	-515.61	-2.04%
Total	34,774.75	30,632.09	4,142.66	13.52%

Section 4 Report of the Board

As at the end of the Reporting Period, the other operating liabilities of the Group amounted to RMB10,369.85 million, representing a decrease of RMB2,925.33 million or 22.00% year-on-year, and accounting for 13.25% of the Group's total liabilities, which was mainly attributable to the year-on-year decrease of 22.50% in margin deposits of derivative contracts among other current liabilities and other non-current liabilities. The composition of the Group's other operating liabilities was as follows:

Unit: in RMB million

Items	31 December 2024	31 December 2023	Increase/ decrease	Growth rate year-on-year
Other operating liabilities				
Salaries, bonus, allowances and benefits payable	349.87	492.48	-142.61	-28.96%
Lease liabilities	241.06	230.08	10.98	4.77%
Deferred tax liabilities	717.21	658.11	59.10	8.98%
Other current liabilities and other non-current liabilities	9,061.71	11,914.51	-2,852.80	-23.94%
Total	10,369.85	13,295.18	-2,925.33	-22.00%

(4) Equity

As at the end of the Reporting Period, total equity of the Group amounted to RMB18,948.02 million, representing an increase of RMB824.46 million or 4.55% year-on-year, which was mainly due to the accumulation of operations. The equity attributable to shareholders of the Company amounted to RMB18,584.33 million, representing an increase of RMB815.64 million or 4.59% year-on-year. The following table sets forth the composition of the Group's equity as at the dates indicated:

Unit: in RMB million

Items	31 December 2024	31 December 2023	Increase/ decrease	Growth rate year-on-year
Share capital	2,831.77	2,831.77	0.00	0.00%
Share premium	8,189.05	8,189.05	0.00	0.00%
Reserves	4,034.27	3,062.91	971.36	31.71%
Retained earnings	3,529.24	3,684.96	-155.72	-4.23%
Equity attributable to shareholders of the Company	18,584.33	17,768.69	815.64	4.59%
Non-controlling interest	363.68	354.87	8.81	2.48%
Total	18,948.02	18,123.56	824.46	4.55%

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(5) Segment results

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

We have five principal business lines: (i) brokerage and wealth management, (ii) investment banking, (iii) asset management and investment, (iv) credit transaction, and (v) proprietary trading. We also report financial results for these five business lines and divide these primary business lines into six business segments: (i) brokerage and wealth management, (ii) credit transaction, (iii) investment banking, (iv) proprietary trading, (v) asset management and investment, and (vi) other business. We report financial results of the business lines under these six business segments.

The following table sets forth our segment revenue, net investment gains and other income (including inter-segment revenue) for the years indicated:

	2024 (in RMB million)	Percentage (%)	2023 (in RMB million)	Percentage (%)
Brokerage and wealth management	1,205.41	28.60	969.02	22.09
Credit transaction	596.55	14.15	718.39	16.38
Investment banking	350.88	8.32	543.25	12.39
Proprietary trading	907.51	21.53	1,374.10	31.33
Asset management and investment	718.52	17.05	470.42	10.73
Other business	493.40	11.71	331.53	7.56
Elimination	-57.34	-1.36	-21.14	-0.48
Total	4,214.93	100.00	4,385.57	100.00

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The following table sets forth our segment expenses (including inter-segment expenses) for the years indicated:

	2024 (in RMB million)	Percentage (%)	2023 (in RMB million)	Percentage (%)
Brokerage and wealth management	905.34	23.43	887.73	24.36
Credit transaction	346.72	8.97	395.01	10.84
Investment banking	349.77	9.05	482.35	13.24
Proprietary trading	820.85	21.24	800.52	21.97
Asset management and investment	581.64	15.05	382.18	10.49
Other business	900.19	23.29	709.18	19.47
Elimination	-39.76	-1.03	-13.38	-0.37
Total	3,864.75	100.00	3,643.60	100.00

The following table sets forth our segment results (profit/(loss) before income tax) for the years indicated:

	2024 (in RMB million)	Percentage (%)	2023 (in RMB million)	Percentage (%)
Brokerage and wealth management	305.52	81.95	84.95	10.29
Credit transaction	249.83	67.01	323.38	39.18
Investment banking	3.41	0.92	64.35	7.80
Proprietary trading	85.16	22.84	573.83	69.52
Asset management and investment	146.61	39.33	101.45	12.29
Other business	-400.14	-107.33	-314.78	-38.14
Elimination	-17.58	-4.72	-7.76	-0.94
Total	372.81	100.00	825.42	100.00

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(IV) Changes in Branches and Subsidiaries and Their Impact on Results

1. Branches

(1) Establishment and Changes of Securities Branches

1 Newly-established Securities Branches

During the Reporting Period, the Company established 3 new branches, namely Hangzhou Wen'er West Road Securities Branch (杭州文二西路證券營業部), Cixi Yingqing Road Securities Branch (慈溪影清路證券營業部) and Shanghai Yangshupu Road Securities Branch (上海楊樹浦路證券營業部), respectively.

2 Relocation of Securities Branches

The Company constantly adjusts and optimizes its branch network. During the Reporting Period, the relocations of Wuxi Jinrong One Street Securities Branch (無錫金融一街證券營業部), Haimen Changjiang South Road Securities Branch (海門長江南路證券營業部), Yixing Xushe Town Xinhe Road Securities Branch (宜興徐舍鎮新河路證券營業部), Huaian Beijing North Road Securities Branch (淮安北京北路證券營業部), Wuxi Qianqiao Street Securities Branch (無錫錢橋大街證券營業部), Hangzhou Kuoshiban Road Securities Branch (杭州闊石板路證券營業部) and Suqian Hongzehu Road Securities Branch (宿遷洪澤湖路證券營業部) within the same city were completed.

3 De-registration of Branches

During the Reporting Period, the Company de-registered 7 branches, namely Zibo Zicheng Road Securities Branch (淄博淄城路證券營業部), Yixing Zhangzhu Town Zhugang Road Securities Branch (宜興張渚鎮渚鋼路證券營業部), Nanjing Hexi Street Securities Branch (南京河西大街證券營業部), Wuxi Wanshun Road Securities Branch (無錫萬順路證券營業部), Wuxi Yuqi Town Huxi Road Securities Branch (無錫玉祁鎮湖西路證券營業部), Nanjing Lishui Shiyan Road Securities Branch (南京溧水石燕路證券營業部), Changsha Songguiyuan Securities Branch (長沙松桂園證券營業部), respectively.

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(2) *Establishment and Changes of Branch Offices*

1 *Establishment of Branch Offices*

During the Reporting Period, the Company newly established Ningbo Branch Office (寧波分公司).

2 *Relocation of Branch Offices*

The Company constantly adjusts and optimizes its branch offices layout. During the Reporting Period, the relocations of Shanghai Branch Office (上海分公司) and Beijing Branch Office (北京分公司) within the same city were completed.

3 *De-registration of Branch Offices*

During the Reporting Period, the Company did not de-register any branch office.

2. **Subsidiaries**

During the Reporting Period, there was no change in the subsidiaries of the Company.

3. **Impact on Results**

In 2024, the above matters had no material impact on the Company's results.

(V) **Major Investment and Financing Activities**

1. **Equity Financing**

The equity financing of the Company is set out in "V. Issuance of Shares and Use of Proceeds" under this section.

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2. Debt Financing

In 2024, the cumulative additional credit debt financing amount of the Company (excluding inter-bank borrowing transactions and issued floating-income type income certificates) was RMB10.135 billion, and the cumulative principal repayment of matured debt financing amounted to RMB10.595 billion. The remaining principal amount of outstanding debt financing of the Company as at 31 December 2024 was RMB24.415 billion. In addition, there was an outstanding inter-bank credit borrowing of RMB9.97 billion.

The remaining amount of various outstanding credit indebtedness was as follows:

- (1). The new public issuance of corporate bonds to professional investors was RMB5.5 billion during the Reporting Period, with the principal of RMB7.1 billion being repaid. The outstanding public issuance of corporate bonds to professional investors as at 31 December 2024 was RMB10.9 billion, the particulars of the remaining amounts were as follows:

Financing Items	Amount (In RMB ten thousand)	Financing Date	Maturity Date	Term (Days)
Public issuance of corporate bonds to professional investors	100,000	2022/3/23	2027/3/23	1,826
	100,000	2022/4/28	2027/4/28	1,826
	110,000	2022/6/7	2025/6/7	1,096
	100,000	2022/11/11	2025/11/11	1,096
	130,000	2023/4/25	2026/3/18	1,058
	150,000	2024/1/22	2027/1/22	1,096
	200,000	2024/4/1	2031/4/1	2,556
	200,000	2024/11/13	2027/11/13	1,095

- (2). The new private issuance of corporate bonds was RMB0 during the Reporting Period, with the principal of RMB1.5 billion being repaid. The outstanding private issuance of corporate bonds as at 31 December 2024 was RMB6.0 billion, the particulars of the remaining amounts were as follows:

Financing Items	Amount (In RMB ten thousand)	Financing Date	Maturity Date	Term (Days)
Private issuance of corporate bonds	100,000	2022/1/24	2025/1/24	1,096
	200,000	2023/8/25	2026/8/25	1,096
	300,000	2023/10/20	2026/10/20	1,096

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- (3). The new private issuance of subordinated bonds was RMB1.5 billion during the Reporting Period, with the principal of RMB0 being repaid. The outstanding private issuance of subordinated bonds as at 31 December 2024 were RMB1.5 billion, the particulars of the remaining amounts were as follows:

Financing Items	Amount (In RMB ten thousand)	Financing Date	Maturity Date	Term (Days)
Private issuance of subordinated bonds	150,000	2024/2/23	2027/2/23	1,096

- (4). The new public issuance of subordinated bonds was RMB1.5 billion during the Reporting Period, with the principal of RMB0 being repaid. The outstanding subordinated bonds as at 31 December 2024 were RMB6.0 billion, the particulars of the remaining amounts were as follows:

Financing Items	Amount (In RMB ten thousand)	Financing Date	Maturity Date	Term (Days)
Public issuance of subordinated bonds	100,000	2022/2/24	2025/2/24	1,096
	150,000	2022/8/11	2025/8/11	1,096
	100,000	2023/4/17	2026/4/17	1,096
	100,000	2023/7/21	2026/7/21	1,096
	150,000	2024/12/4	2027/10/13	1,043

- (5). The new issuing amounts of fixed-income type income certificates were RMB1.635 billion during the Reporting Period, with the principal of RMB1.995 billion being repaid. The remaining amount of the outstanding fixed-income type income certificates as at 31 December 2024 were RMB15 million, the particulars of the remaining amount were as follows:

Financing Items	Amount (In RMB ten thousand)	Financing Date	Maturity Date	Term (Days)
Income certificates – fixed-income type	1,500	2024/8/23	2025/8/20	362

3. Equity Investment

During the Reporting Period, the Company did not carry out any significant equity investments.

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(VI) Material Assets Disposal, Acquisition, Replacement, Spin-off and Reorganisation of Other Companies

During the Reporting Period, save as those disclosed in this report, the Company did not carry out any material assets disposal, acquisition, replacement, spin-off and reorganisation of other companies.

II. Discussion and Analysis of the Board on the Future Development of the Company

(I) Industry layout and trend

In 2024, global inflation moderated with central banks in some major economies entering an easing cycle once again. At the meeting of the Political Bureau of the CPC Central Committee held at the end of September 2024, it analysed and studied the economic situation and deployed economic work, reaffirming commitments to stabilise growth. The meeting emphasised the need to “strive to achieve the annual socio-economic development targets”, “vigorously implement existing policies and expedite the rollout of incremental measures”, further strengthening the counter-cyclical adjustment of macroeconomic policies.

In March 2024, the CSRC proposed that “by the middle of this century, a modern securities and fund industry with comprehensive strengths and international influence will be formed, providing strong support for Chinese-style modernisation and the construction of a financial power”. In this context, the securities industry has been focusing on giving priority to the development of technology finance, green finance, inclusive finance, pension finance, and digital finance and promoting the restructuring and upgrading of the real economy with its professional capabilities. The central government has reiterated its emphasis on enhancing people-centric finance. The focus of capital market reform has shifted from the financing aspect to the investment one, with various authorities such as the CSRC and Ministry of Finance introducing favourable policies successively to guide long-term capital into the market, potentially attracting incremental institutional capital to the market. The reform of the relevant rates for public-offered funds and securities companies will enhance residents’ sense of participation in the capital market and propel a healthier and more benign development of the capital market. Simultaneously, in early 2024, the CSRC emphasised continuous stricter oversight of over-the-counter (“OTC”) derivative businesses, such as DMA, directing the industry to control business scale and leverage. Future creation of financial products in the securities industry must align with the “investor-centred” principle, enhancing financial products to support the preservation and appreciation of the assets of residents. The surge in CSI A500 Index related fund products facilitated investors to access A-shares market more efficiently, accelerating the instrumentalisation trend in the brokerage industry. In addition, amid accelerating mergers and acquisitions (M&A) and restructuring among A-share companies, coupled with the slowdown in IPO review, M&A and restructuring business is expected to become a new business growth point for investment banks.

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From the perspective of the competitive layout of the securities industry, the advantages of top-tier securities firms are becoming increasingly apparent. Since 2024, tightened regulation and heightened capital market volatility have impacted the investment banking, credit and proprietary businesses of brokerage firms and further divided the performance across the industry. High-quality top-tier securities firms with superior risk control capabilities and business quality have relatively stronger diversified investment and derivatives hedging capabilities, which have enhanced the efficiency of capital utilisation and also increased the stability and risk-resistant capability of their investment portfolios. The top-tier securities firms exhibited stronger profitability, stability and growth compared to the entire industry, with various financial indicators showing accelerating concentration toward the top-tier firms. In early 2024, the State Council outlined plans to focus on cultivating international first-class investment banks in the financial industry, supported top-tier securities companies to become stronger and better, and a new round of top-down supply-side reforms in the securities industry has already begun. The feasibility and urgency of strategic M&A and restructuring of top-tier securities firms will be enhanced, with industry consolidation expected to accelerate. At the same time, in terms of industry development, the CSRC proposed that small and medium-sized institutions should be guided to refine and specialize their operations by integrating their shareholders' backgrounds, regional advantages, and other resource endowments and professional capabilities to achieve distinctive and differentiated development. Regional securities brokers are expected to gain more business opportunities in the future.

(II) Corporate development strategy

Our future corporate strategic positioning is to focus on further serving the real economy and strive to become a leading customer-oriented investment bank that provides comprehensive financial solutions and the most important investment and financing arranger, transaction organizer, wealth manager and liquidity provider in local regional market and even the national market (in certain sectors), thus contributing to the economic and social development of Wuxi and Southern Jiangsu district.

(III) Business plans

In 2025, the Company's general business philosophy will be: integrating Minsheng Securities and deepening its business of "forging of strengths (鑄長板)" as the two principal lines. This will involve promoting comprehensive integration across governance systems, organisational structures, business systems, operational frameworks and cultural philosophies, aiming to significantly enhance the market position of major business lines and substantially strengthen core competitiveness. The Company will facilitate the transformation of buyer's investment advisory towards a broader wealth management approach, establish service systems and business models tailored to different customer categories and enhance the underlying capabilities of digitisation and intelligence; continue to strengthen the core investment and research capabilities of asset management, improve service efficiency for large-scale clients and optimise the product and client structures of Guolian Fund; adhere to the development of investment banking with special characteristics and differentiation and strengthen the development of mergers and acquisitions and cross-border business; and continue to apply for licences for key segments in the financial market to elevate the standard of business diversification and improve the efficiency of the Company's overall asset deployment.

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(IV) Capital needs

During the Reporting Period, the Company's various businesses continued to develop steadily, and the overall interest payment cost showed a downward trend. In future, the Company will continue to improve its overall capital deployment efficiency and keep on exploring new financing products and models and expand financing channels to ensure the capital needs of business development. It will also arrange the size and structure of liabilities scientifically, maintain a reasonable and sound leverage level and strengthen risk awareness to prevent liquidity risks and ensure liquidity security.

(V) Analysis of competitiveness

1. Unique Regional Advantages

Wuxi, Southern Jiangsu and the Yangtze River Delta region are among the regions with the largest domestic economy capacity, most vibrant economy, highest quality of development, and largest number of listed companies and high-net-worth individuals. The total GDP of the Yangtze River Delta region accounts for nearly 25% of China, the total GDP of Jiangsu Province exceeds RMB10 trillion, and that of Wuxi exceeds RMB1 trillion. The customers and markets of securities companies are extremely broad. As the main birthplace of modern national industry with strong base for manufacturing industry, and one of the national innovation pilot cities and the national independent innovation demonstration cities in Southern Jiangsu, Wuxi has established its industrial clusters in strategic emerging industries such as integrated circuits, medicine and health, and the Internet of Things. Under the construction of a new domestic and international “dual-circulation” development layout, all these industries have good development opportunities. As a regional securities broker, the Company enjoys the natural advantage in serving regional enterprises. As an important strategic fulcrum for the integration of the Yangtze River Delta region, Wuxi has unique regional advantages due to its premier central location, dual-belt linkage and geographic cross-intersection. In the future, it has tremendous potential in connecting regional integration, provincial integration and Suzhou-Wuxi-Changzhou integration, and the Company will also play a more important role.

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2. A+H Shares Listing in the PRC and in Hong Kong Improved Our Market Competition and Risk Resistance Capability

The Company's H shares were listed on the Main Board of the HK Stock Exchange on 6 July 2015, and its A Shares were listed on the Main Board of the Shanghai Stock Exchange on 31 July 2020. The Company is the 13th company in the domestic securities industry with a dual listing status on both the A+H markets. Through the listing in both the A+H markets, the Company has effectively improved its capital strength, laid a solid foundation for business scale expansion and market risk resistance, significantly improved its brand influence and market competitiveness, and opened up the long-term financing channels in the two capital markets, which are beneficial to further introducing strategic investors and reducing the comprehensive financing costs of the Company in future.

3. Management Team with Extensive Industry Experience

The senior management team of the Company has extensive management experience, outstanding management abilities and forward-looking strategic thinking in securities and financial services industry. They are able to understand profoundly the development trend of the industry and the market, make accurate business judgment, and capture promptly business opportunities and adjust business strategies prudently and scientifically. In particular, the experience of the management team in the overseas and cross-border business sectors will help the Company accelerating the pace of international development and opening up new areas of business growth. Under the leadership of the team, the Company will build the industry-leading development philosophy and management processes according to the best market practices, and accelerate its development to become an investment bank with modern management mechanisms.

4. Sound and Highly Efficient Operation Management and Prudent Risk Control

For many years, the Company has abided to the business philosophy of steady development, facilitated the stable transformation and upgrading of its business models, optimized its revenue mix and profit source, and achieved years of profitability successively. Among the securities companies in the PRC, since its inception (from 1999 to date), the Company is one of the few securities companies with successive profitability. During the Reporting Period, the Company kept on improving its compliance management and risk management system to ensure the Company's standardized operation and stable development.

The Company strictly upholds its compliance baseline and earnestly implements the requirements of regulatory authorities. The Company continues to revise and improve its compliance management system, implement various control measures and enhance compliance assessment to ensure compliance management responsibilities are in place. By learning from the best practices in the industries, the Company also actively builds high-standard and high-quality internal credit evaluation systems and risk management systems to prevent and resolve business risks in a timely manner. At the same time, the Company strengthens the performance guarantee of compliance risk control personnel. The Company adheres to the principle of "risk measurable, controllable and tolerable" to carry out innovative business prudently, strictly limit the risk exposure of high-risk businesses and strengthen risk monitoring.

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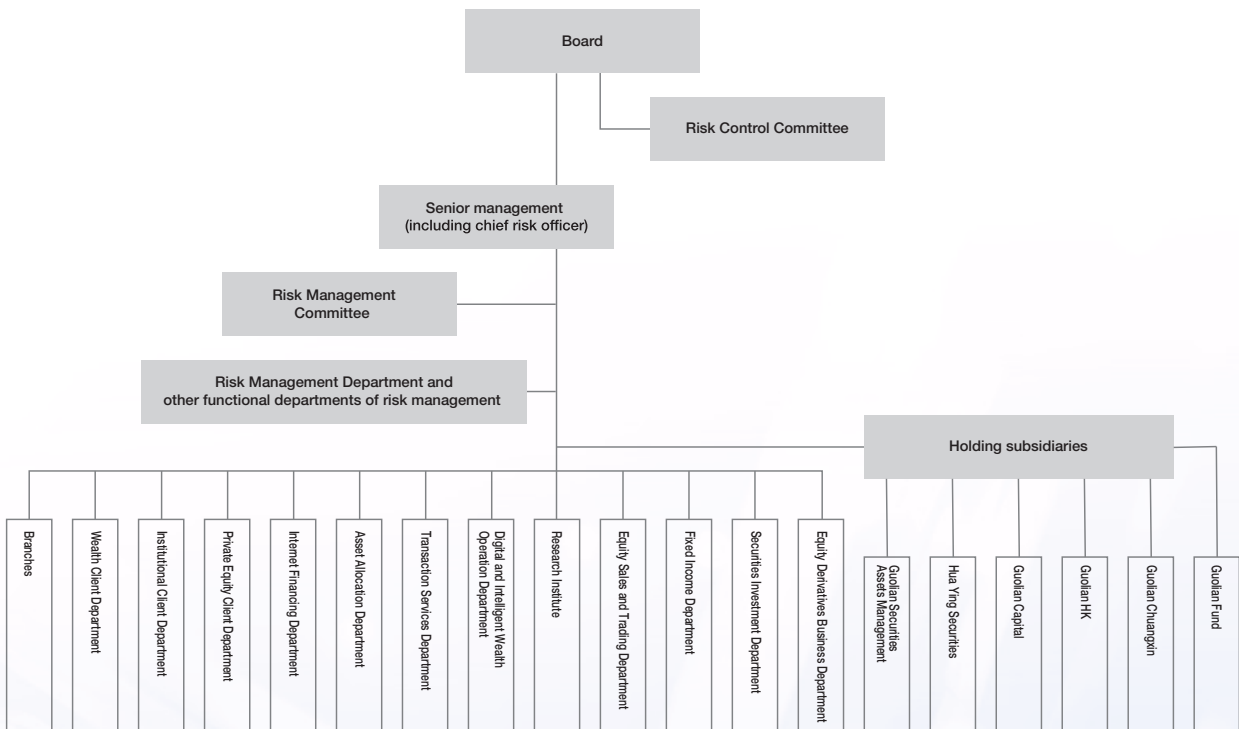
III. Risk Management

(I) General Description

Guided by development strategy, the Company has established a comprehensive risk management system covering various businesses, various risks and the entire process and applied a variety of risk management tools based on quantitative indicators to ensure the risks of the Company are measurable, controllable and tolerable, so as to maximize the long-term value of the Company, and promote the formation of a sound risk management culture within the Company, strengthen the risk management awareness to provide “secured escort” for achieving the Company’s overall strategic objectives.

(II) Risk Management Organizational Structure of the Company

The comprehensive risk management structure of the Company includes four levels: Board and Risk Control Committee, senior management and Risk Management Committee, Risk Management Department and other functional departments of risk management as well as risk management organizations set up within the departments. The organizational structure of the Company’s risk management is shown in the following chart:



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1. Board and Risk Control Committee

The Board is the highest decision-making body of the risk management of the Company and has the ultimate responsibility for its risk management. The Board is mainly responsible for the following duties: considering and approving the overall objectives of the risk management of the Company and the basic system of comprehensive risk management in respect of major issues of its risk management, such as risk preference, risk tolerance, significant risk limit, etc.; appointing chief risk officer; considering the regular risk management reports of the Company and their implementation; and advancing the construction of risk culture of the Company to ensure that the Company establishes and maintains an effective risk management regime and system. The Board may delegate the Risk Control Committee set up under it to fulfill part of its function of comprehensive risk management.

2. Senior Management (Including Chief Risk Officer) and Risk Management Committee

The senior management of the Company is responsible for organizing and implementing various works in comprehensive risk management in the operation and management process, and mainly performs the following duties: establish a risk management system and make timely adjustment; establish and perfect the operation management structure for the Company's comprehensive risk management, clarify the duty allocation of risk management among various departments, and establish a working mechanism that features effective checking and balance and good coordination among the departments; establish a complete information technology system and data quality control mechanism; establish a performance assessment system for all staff that covers the effectiveness of risk management; formulate the specific execution plans for risk management according to the risk preference, risk tolerance extent and significant risk limit approved by the Board and ensure the effective implementation of the plans; regularly assess the overall risk of the Company and various types of material risk management conditions, resolve problems that are found in risk management and report to the Board.

The Company establishes a Risk Management Committee under the senior management, which is responsible for the overall risk management within the scope of authorization of the Board and management, formulation and adjustment of the Company's risk management policy, approval of various risk limits, and making decisions and approvals for important matters involving risk management.

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The Company has a chief risk officer who is a senior management member of the Company and is appointed and removed by the Board. The main responsibilities of the chief risk officer include: organize and implement the overall risk management work of the Company; review and approve the Company's risk management plan and risk measurement methods, models and indicators; organize the formulation of the Company's internal risk management system and policies, and evaluate major market, credit, liquidity, reputation and other risks; organize investigation and inquiry for hidden risks existing in business operation and management activities; report major hidden risks discovered to the president of the Company in a timely manner, and put forward rectification opinions to the person-in-charge of other relevant departments; possesses the authority to report to the Board and its Risk Control Committee or the chairman of the Supervisory Committee had the major hidden risks or the rectification of hidden risks fails to meet the standards.

3. Risk Management Department and Other Functional Departments of Risk Management

The functional departments of risk management of the Company include the Risk Management Department and other functional departments of risk management, other functional departments of risk management of the Company include: Compliance and Legal Department, Financial and Accounting Department, Capital Operation Department, Information Technology Headquarter, Operation Management Headquarter and Party Committee Office, etc.

The main responsibilities of the Risk Management Department and other functional departments of risk management include: implementing laws, regulations and norms, formulating risk management systems and procedures and submitting them to the Risk Management Committee of the Company and the president's office for review and approval; responsible for researching and developing various risk management methods and tools, testing and evaluating the effectiveness of valuation and risk measurement models, establishing risk management indicator system and pre-warning mechanism to ensure that various risk management and control measures are appropriate and effective, and enable various business operations to conform to legal norms and risk management policies of the Company; evaluating the risks of new products and new businesses developed by the Company, designing risk management process and control measures, and reviewing business system and process; taking charge of the daily monitoring work of related risks, monitoring the compliance with the Company's risk management system, risk limit and authorized management system by relevant business departments and branches, and recording monitoring situation; recording, reporting and disposing of risky behaviors in a timely manner; conducting stress test and sensitivity analysis, and carrying out post-testing and effectiveness assessments; providing independent risk management reports to the senior management of the Company (including chief risk officer) and completing other risk management related work.

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4. Risk Management Organizations Set Up by Business Departments, Branches and Subsidiaries of the Company

The business departments, branches and subsidiaries undertake direct responsibility for risk management. The person-in-charge of the business departments, branches and subsidiaries shall fully understand and give due consideration to various risks related to business when making decisions, and timely identify, assess, respond to and report related risks. Each department shall appoint special personnel to assist in risk management works.

(III) Details of Major Risks Exposed to the Company's Operation

1. Market Risk

Market risk refers to the risk that may cause losses to the financial assets held by the Company resulting from the adverse changes in market prices. The categories mainly include equity price risk, interest rate risk, commodity price risk and exchange rate risk. The market risk of the Company mainly comes from domestic and overseas financial market businesses such as equity investment business, fixed income business and equity derivatives business.

The Company has established a top-down market risk limit management system, which allocates the overall risk limit of the Company to different business departments and business lines. Business departments, with direct responsibility for market risks and as the frontline management personnel, dynamically manage the business exposure and limit indicators. The Risk Management Department independently conducts a comprehensive assessment, monitoring and management of the overall market risk of the Company, and reports the results to the management of the Company.

The Company conducts comprehensive monitoring of market risks by calculating profit and losses, exposure, basis points, duration, Greek letters of derivatives and other indicators on a daily basis, continuously improves the VAR and stress test measurement mechanisms to monitor and analyze potential losses of the Company, and continuously optimizes the profit and loss analysis and option profit and loss attribution of swap businesses to enhance the sensitivity of risk management.

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2. Credit Risk

Credit risk refers to the risk that may cause losses due to the default of financiers, counter-parties or issuers. The credit risk of the Company mainly arises from the following aspects: stock pledged repurchase transactions, margin financing and securities lending and other financing businesses; OTC derivative business, such as swaps, OTC option, forwards and credit derivatives; bond investment transactions (including bond-related transactions such as spot bonds transactions, bond repurchase transactions, bond forward transactions and bond lending business), in which bonds include but not limited to treasury bonds, local bonds, financial bonds, government-backed agency bonds, corporate bonds and non-financial enterprises debt financing instruments, corporate bonds, asset-backed securities, interbank certificates of deposit; non-standardized debt asset investment, etc.

The Company has assessed the credit ratings of counterparties or issuers through its internal credit rating system, measured its risk with methods such as stress tests and sensitivity analyses, and managed credit risks using access and concentration limits. Meanwhile, leveraging public opinion data and market tracking, the Company monitors changes in credit risk qualifications of various businesses and transaction counterparties in a timely manner, strengthens sensitivity management, and promptly addresses pre-warning and reporting measures. The Company has established a credit risk management system to measure and manage credit risk.

3. Liquidity Risk

Liquidity risk refers to the risk that the Company is unable to obtain sufficient fund in time at reasonable costs for paying indebtedness when it falls due, performing other payment obligations and meeting the funding needs of normal business operation. The rapid development of various businesses of the Company exerts higher requirements on liquidity.

The Company establishes a daily position management and regular liquidity analysis mechanism to dynamically manage the scale of capital usage of each business, and formulates corresponding financing plans to improve the daily control mechanism of liquidity risk by improving liquidity contingency plans and stress tests. The Company implements liquidity risk limit management and sets liquidity risk limits to monitor their implementation based on factors such as business scale, nature, liquidity risk appetite and market conditions. In addition, the Company has also established a liquidity reserve asset management system to meet potential capital needs by holding sufficient high-quality liquid assets that can be readily realized.

4. Operational Risk

Operational risk refers to the risk of losses resulting from inadequate or problematic internal procedures, personnel and information technology systems, as well as external events.

The Company continuously optimizes the internal control mechanism, carries out targeted identification and effectiveness assessment on operational risk, standardizes business processes through continuous business assessment, business process rationalizing and system review, identifies operational risk points, and develops control measures to prevent risk incidents from occurring. It also continuously collects and sorts out internal and external risk events to supplement operational risk event database. At the same time, the Company has established an operational risk management system to realize the systematic control of the three major tools of operational risks. Furthermore, the Company constantly strengthens behavior adequacy and normative operation of staff from each position through various means, such as internal training and assessment, and enhances the risk awareness of employees through the promotion of risk control culture. It also improves emergency risk management plan with regular drills to ensure the security of equipment, data and system, thereby preventing the operational risk caused by information system failure.

5. Compliance Risk

Compliance risk refers to the risk that the Company or its staff will be investigated for legal responsibility, taken regulatory measures, taken disciplinary actions and suffered property losses or commercial goodwill losses due to violation of laws, regulations and standards in operation management or practice.

The Company has established an effective and impeccable compliance risks management system and compliance management and organization system. At the same time, the Company exerts an effective and comprehensive control on compliance risks encountered by the Company in its business operation by means of compliance monitoring, compliance inspection, compliance investigation, compliance supervision and compliance training, etc.

6. Reputation Risk

Reputation risk refers to the risk of negative comments on the Company by investors, issuers, regulatory authorities, self-regulatory organizations, the public and the media due to the Company's operations or external events, and its employees' violation of integrity regulations, professional ethics, business norms, industrial standards and regulations and other related behaviors, thereby damaging corporate brand value which is detrimental to its normal operation and even affects market stability and social stability.

The Company strengthens the concept that preventing and controlling reputation risk is the responsibility of every staff, forms an effective segregation of duties, establishes and improves the internal restraint mechanism, public opinion monitoring mechanism, emergency response mechanism, and external information release mechanism, reinforces daily public opinion analysis, and improves the risk prevention and control prospectively and pertinently, and takes multiple measures to enhance the prevention awareness and management standard of reputation risk.

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IV. Profit Distribution Policies and Profit Distribution Situation

(I) Profit Distribution Policies

In accordance with the Articles of Association, the Company may distribute dividends by means of cash, shares or a combination of cash and shares. Where the Company satisfies the conditions for cash dividend distribution, it shall accord priority to dividend distribution by way of cash. The Company will fully take into account the returns for its investors and distribute dividends to its shareholders according to the stipulated proportion of the profits available for distribution achieved by the parent company during the year. The Company will implement an on-going and stable profit distribution policy, and shall consider the long-term interests of the Company, the overall interests of all shareholders and the sustainable development of the Company when distributing dividends.

(II) Profit Distribution Situation

Profit Distribution for the Year 2023

At the annual general meeting of the Company for the year 2023 convened on 19 June 2024, the Profit Distribution Plan for the Year 2023 of Guolian Securities Co., Ltd. (《國聯證券股份有限公司2023年度利潤分配方案》) was considered and approved for the distribution of a cash dividend of RMB1.42 (tax inclusive) per 10 shares to all shareholders whose names appeared on the Company's register on the record date thereof, with total cash dividends of RMB402,111,789.86 (tax inclusive). The Company's profit distribution for the year 2023 has been completed on 8 August 2024.

Profit Distribution Proposal for the Year 2024

The audited net profit of the parent company in 2024 was RMB249,996,414.73. According to the relevant requirements of the Company Law, Securities Law, Financial Rules for Financial Enterprises and Articles of Association, after appropriating statutory provident fund and general risk reserve totaling RMB76,883,400.01, the profit available for distribution for the year amounted to RMB173,113,014.72. The balance of the undistributed profit was RMB3,362,601,562.07 in previous year, distribution of profit to shareholders of RMB402,111,789.86 and decreased RMB721,916.31 of undistributed profit upon the disposal of investments in other equity instruments, and the accumulated undistributed profit for the year was RMB3,132,880,870.62.

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With a comprehensive consideration of factors including the long-term development of the Company and the interests of the shareholders, the Company's profit distribution plan for the year 2024 is as follows: Based on the total share capital registered on the equity record date of the implementation of the dividend distribution, a cash dividend of RMB0.56 (tax inclusive) per 10 shares will be distributed to all shareholders. Based on the Company's existing total share capital of 5,680,592,806 shares, a total cash dividend of RMB318,113,197.14 will be distributed, representing 80.04% of the net profit attributable to the shareholders of the listed company for the year 2024. After this distribution, the remaining undistributed profit of the Company of RMB2,814,767,673.48 will be carried forward to the next year. In the event of change in the total share capital of the Company before the equity record date of the implementation of the above dividend distribution, it is proposed that the distribution ratio per share will remain unchanged while the total distribution amount shall be adjusted accordingly.

The aforesaid profit distribution proposal is subject to the approval of the general meeting of the Company.

V. Issuance of Shares and Use of Proceeds

(I) Issuance of A shares to specific subscribers

The Company convened the twenty-eighth meeting of the fourth session of the Board, the first extraordinary general meeting and the shareholders' class meeting for the year 2022 on 28 September 2022 and 20 October 2022, respectively, which considered and approved the relevant resolutions on the issuance of A shares to specific subscribers by the Company. On 17 February 2023, the CSRC officially promulgated the rules of the system relating to the full implementation of the registration system for share issuance, projects that accepted by the CSRC were transferred to the exchange registration system for review. The Company completed the translation of the project in strict compliance with the requirements, and the application for the issuance of A shares to specific subscribers was accepted by the Shanghai Stock Exchange on 2 March 2023. In response to the regulatory initiatives and to give better play to the functional role of securities companies in the high-quality development of the real economy, the tenth meeting of the fifth session of the Board of the Company was held on 9 June 2023, at which the relevant resolutions in relation to the reduction of the total amount of proceeds raised from the issuance of A shares to specific subscribers by the Company and the adjustment of the issuance plan were considered and approved. The Company convened the eleventh meeting of the fifth session of the Board, the third extraordinary general meeting and the shareholders' class meeting for the year 2023 on 29 August and 12 October 2023, respectively, which considered and approved the Resolution on the Extension of Validity Period of Resolution and Authorization of the Shareholders' General Meeting to Issue A Shares to Specific Subscribers (《關於延長向特定對象發行A股股票股東大會決議有效期及授權有效期的議案》).

On 25 April 2024, in view of the fact that the Company was planning to acquire the control of Minsheng Securities and raise supporting funds by issuing A shares, the Company decided to terminate the issuance and withdraw the relevant application documents after prudent analysis and argumentation.

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For details, please refer to the relevant announcements and documents of the Company published on the HKEXnews website of the HK Stock Exchange on 28 September 2022, 20 October 2022, 2 March 2023, 9 June 2023, 29 August 2023, 12 October 2023 and 25 April 2024.

(II) Acquisition of Assets by Issuing Shares and Raising Supporting Funds and Related Party Transactions

The Company acquired the control of Minsheng Securities and raised supporting funds by issuing A shares (hereinafter referred to as the “Transactions”). On 14 May 2024, the sixteenth meeting of the fifth session of the Board of the Company considered and approved the Resolution on the Proposal for Acquisition of Assets by Issuing Shares and Raising Supporting Funds and Related Party Transaction (《關於發行股份購買資產並募集配套資金暨關聯交易方案的議案》) and other resolutions. On 8 August 2024, the seventeenth meeting of the fifth session of the Board of the Company considered and approved the Resolution on the Report on Acquisition of Assets by Issuing Shares and Raising Supporting Funds by Guolian Securities Co., Ltd. and Related Party Transaction (Draft) and its Summary (《關於〈國聯證券股份有限公司發行股份購買資產並募集配套資金暨關聯交易報告書(草案)〉及其摘要的議案》) and other resolutions in relation to the Transactions, the Company proposed to acquire 99.26% shares of Minsheng Securities held in aggregate by 45 entities including Guolian Group and Fengquanyu by issuing A shares, and raise supporting funds. On 4 September 2024, at the first extraordinary general meeting for the year 2024, the first A shareholders’ class meeting for the year 2024 and the first H shareholders’ class meeting for the year 2024 of the Company, the relevant resolutions in relation to the Transactions were considered and approved. On 27 September 2024, the Company received the Notice on Accepting the Application for Acquisition of Assets by Issuing Shares and Raising Supporting Funds by Guolian Securities Co., Ltd. (Shangzheng Shangshen (Merger, Acquisition and Reorganization) (2024) No. 26) (《關於受理國聯證券股份有限公司發行股份購買資產並募集配套資金申請的通知》(上證上審(併購重組)(2024)26號)) issued by the Shanghai Stock Exchange. The Shanghai Stock Exchange checked the application documents of the Company in accordance with the relevant regulations, considered that the application documents were complete and in compliance with the statutory form, and decided to accept and review the documents according to the law. On 17 December 2024, the Company received the Announcement on the Results of the Sixth Review Meeting of the Merger, Acquisition and Reorganisation Review Committee of the Shanghai Stock Exchange in 2024 (《上海證券交易所併購重組審核委員會2024年第6次審議會議結果公告》) issued by the Merger, Acquisition and Reorganisation Review Committee of the Shanghai Stock Exchange, and the Transactions have been approved by the Shanghai Stock Exchange. On 27 December 2024, the Company received the Reply on Approving the Acquisition of Assets by Issuing A Shares and Raising Supporting Funds of Guolian Securities Co., Ltd., Ratifying the Change of Substantial Shareholders of Guolian Securities Co., Ltd. and Minsheng Securities Co., Ltd. and the Change of Actual Controller of Minsheng Fund Management Co., Ltd. and Minsheng Futures Co., Ltd. (Zheng Jian Xu Ke [2024] No. 1911) (《關於同意國聯證券股份有限公司發行股份購買資產並募集配套資金註冊、核准國聯證券股份有限公司和民生證券股份有限公司變更主要股東、民生基金管理有限公司和民生期貨有限公司變更實際控制人等的批覆》(證監許可[2024]1911號)) issued by the CSRC, and the Transactions have been registered with the CSRC. The overall plan of the Transactions consists of two parts, namely the acquisition of assets by issuing shares and raising supporting funds.

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The transaction price for the Acquisition of Assets by Issuing Shares under the Transactions was RMB29,491,805,700, the issue price was RMB11.17 per share and the closing price of the A Shares as at the Price Determination Date of the Issuance (i.e. 15 May 2024) was RMB11.51 per share. The registration, custody and restriction of sale with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited for 2,640,269,065 new A Shares have been completed since 3 January 2025. Upon completion of the Acquisition of Assets by Issuing Shares, the registered capital (total share capital) of the Company increased from RMB2,831,773,168 to RMB5,472,042,233.

The raising supporting funds by issuing shares under the Transactions was conducted by way of price bidding. The Company and the joint lead underwriters have agreed, based on market-based bidding and following the principles of price priority, amount priority and time priority, that the issue price was RMB9.59 per share, and the closing price of the A Shares as at the Price Determination Date of the Issuance (i.e. 18 February 2025) was RMB11.22 per share. A total of 208,550,573 A Shares were issued to 15 target subscribers through raising supporting funds by issuing shares under the Transactions, with total funds raised of RMB1,999,999,995.07. After deducting the issuance expenses of RMB29,104,687.17 (excluding value-added tax), the actual net funds raised amounted to RMB1,970,895,307.90, and the net price per share was RMB9.45. The registration, custody and restriction of sale with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited for the new A Shares in respect of raising supporting funds has been completed since 10 March 2025. Upon completion of raising supporting funds, the registered capital (total share capital) of the Company increased from RMB5,472,042,233 to RMB5,680,592,806. After deducting the intermediaries' fees and transaction taxes, all of the raised supporting funds will be used for capital increase in Minsheng Securities, which will then be used for the development of Minsheng Securities' business. There is no change in the items of the supporting funds raised, and the funds raised are expected to be fully utilised within 3-5 years, with the specific uses as set out below:

Investment of the Funds Raised	Amount (RMB)	Principal Use of the Funds Raised
Wealth management business	Not more than RMB1 billion	Used for enhancing professional service capability of wealth management, building a service ecosystem, optimizing the layout of outlets and enhancing brand image
Information Technology	Not more than RMB1 billion	Used for consolidating the base of science and technology, strengthening the construction of digital central control platform, continuously promoting the innovation of application products and strengthening the empowerment of science and technology

For details, please refer to the relevant announcements of the Company dated 25 April, 14 May, 8 August, 4 September, 27 September, 17 December and 27 December 2024, 6 January and 11 March 2025, and the circular dated 20 August 2024 published on the HKEXnews website of the HK Stock Exchange.

Section 4 Report of the Board

VI. Directors

Information about the Directors of the Company during the Reporting Period and as at the date of this report is set out in Section 7 “Information of Directors, Supervisors, Senior Management and Staff” of this report.

VII. Directors and Supervisors’ Service Contracts

All Directors and Supervisors of the Company have entered into service contract with the Company, but have not entered into any service contract with the Company or its subsidiaries which is not terminable within one year without payment of compensation (other than statutory compensations).

VIII. Permitted Indemnity Provisions

During the Reporting Period, the Company has arranged appropriate insurance coverage for potential legal actions and liabilities against the Directors, Supervisors and senior management. There was, or is, no permitted indemnity provision being in force for the benefit of any of the Directors of the Company.

IX. Interests of Directors and Supervisors in Transactions, Arrangements and Contracts of Significance

No transaction, arrangement or contract of significance in relation to the Group’s business to which the Company, its subsidiaries, its Controlling Shareholders or the subsidiaries of the Company’s Controlling Shareholders was a party and in which a Director or Supervisor of the Company or an entity connected with a Director or Supervisors has a material interest, whether directly or indirectly, has been entered into or subsisted at the end of the financial year under review or at any time during the financial year.

X. Controlling Shareholders’ Interests in Contracts of Significance

No contract of significance in relation to the Group’s business to which the Company or any of its subsidiaries was a party and in which a Controlling Shareholder had a material interest on, whether directly or indirectly, and subsisted at the end of the financial year under review or at any time during the financial year under review save as disclosed under “IV. Connected Transactions” in Section 5 and Notes to the Consolidated Financial Statements.

XI. Directors' Interests in the Business Competing with the Company

During the Reporting Period, the Directors of the Company have no interest in the business that is competing with the Company.

XII. Directors and Supervisors' Right to Purchase Shares or Debentures

As at the end of the Reporting Period, no rights were granted to any Director, Supervisor or their respective spouse or children under 18 years of age by the Company, its subsidiaries, its Controlling Shareholders or the subsidiaries of the Company's Controlling Shareholders to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, or were any such rights exercised by them; or was the Company, its subsidiaries, its Controlling Shareholders or the subsidiaries of the Company's Controlling Shareholders a party to any arrangement to enable any Director, Supervisor or their respective spouse or children under 18 years of age, to acquire such rights in the Company or any other body corporate.

XIII. Interests and Short Positions of Directors, Supervisors and Chief Executive in the Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations

As at the end of the Reporting Period, based on the information available to the Company and to the knowledge of the Directors, the interest or short positions of Directors, Supervisors or chief executive of the Company 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 will have to be notified to the Company and HK Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which are taken or deemed to have under those provisions of the SFO), or (ii) which will be required to be recorded in the equity register kept pursuant to Section 352 of the SFO, or (iii) which will be required to be notified to the Company and HK Stock Exchange pursuant to the Model Code were as follows:

Name	Position	Types of shares	Number of shares (Note 2)	Percentage of total issued shares (%) (Note 3)	Approximate percentage of total issued share capital of H Shares (%)
Ge Xiaobo	Chairman, President	H Shares	1,340,478(L)	0.0473	0.3028
Wu Lingyun	Employee Representative Supervisor	H Shares	53,619(L)	0.0019	0.0121
Zhou Min	Employee Representative Supervisor	H Shares	13,404(L)	0.0005	0.0030

Section 4 Report of the Board

Note 1: Mr. Ge Xiaobo, Ms. Wu Lingyun and Mr. Zhou Min were deemed to have interests in the H Shares of the Company, respectively due to they participated in the employee stock ownership plan of the Company for the year 2022.

Note 2: (L) denotes long positions.

Note 3: As of 31 December 2024, the Company issued 2,389,133,168 A Shares and 442,640,000 H Shares in total. The total number of shares is 2,831,773,168.

Save as disclosed above, as at the end of the Reporting Period, no Directors, Supervisors or chief executive of the Company have any interest 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 will have to be notified to the Company and HK Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which are taken or deemed to have under those provisions of the SFO), or (ii) which will be required to be recorded in the equity register kept pursuant to Section 352 of the SFO, or (iii) which will be required to be notified to the Company and HK Stock Exchange pursuant to the Model Code.

XIV. Information about the Company's Equity Incentive Scheme, Employee Stock Ownership Plan or Other Employee Incentive Measures and their Impacts

In order to further establish and improve the benefit sharing mechanism between employees and the Company, enhance the cohesion among employees and competitiveness of the Company, and attract and retain talents, so as to promote the long-term, sustainable and healthy development of the Company and maximize the benefits of the Company, its shareholders and employees as a whole, the Company has implemented the employee stock ownership plan for the year 2022.

The Company convened the twenty-fifth meeting of the fourth session of the Board and the annual general meeting for the year 2021 on 29 April and 10 June 2022, respectively, which considered and approved the Resolution on the Employee Stock Ownership Plan of Guolian Securities Co., Ltd. for the Year 2022 (Draft) and its Summary (《關於國聯證券股份有限公司2022年度員工持股計劃(草案)及其摘要的議案》) and the Resolution on Proposing at the General Meeting to Authorize the Board of Directors with Full Discretion to Handle the Matters related to the Employee Stock Ownership Plan of the Company for the Year 2022 (《關於提請股東大會授權董事會全權辦理公司2022年度員工持股計劃相關事宜的議案》).

Section 4 Report of the Board

In June 2022, the Company completed the fundraising for the subscription of the employee stock ownership plan of the Company for the year 2022, with the actual number of participants of 342. The participants included Directors, Supervisors, senior management, employees at VP level and above and other core backbone personnel of the Company or its controlling subsidiaries, and the total subscription amount was RMB68,110,000. The number of subject shares associated with the employee stock ownership plan units held by any individual holder shall not, in aggregate, exceed 0.1% of the Company's total share capital. The term of the employee stock ownership plan shall be 5 years with effect from the date of consideration and approval by the general meeting of the Company.

On 12 July 2022, the Company convened the first meeting of holders of the employee stock ownership plan for the year 2022, which considered and approved the Resolution on Review of the Rules for the Meeting of Holders of the Employee Stock Ownership Plan of Guolian Securities Co., Ltd. for the Year 2022 (《關於審議國聯證券股份有限公司2022年度員工持股計劃持有人會議規則的議案》), Resolution on Election of Members of the Management Committee for the Employee Stock Ownership Plan of Guolian Securities Co., Ltd. for the Year 2022 (《關於選舉國聯證券股份有限公司2022年度員工持股計劃管理委員會委員的議案》) and Resolution on Authorization of the Management Committee of the Employee Stock Ownership Plan of Guolian Securities Co., Ltd. to Deal with Matters in Relation to this Employee Stock Ownership Plan (《關於授權國聯證券股份有限公司員工持股計劃管理委員會辦理本次員工持股計劃相關事宜的議案》).

As of 22 December 2022, the employee stock ownership plan of the Company completed the purchase and registration of the subject shares, and purchased a total of 18,260,000 H Shares of the Company in the secondary market, accounting for approximately 0.6448% of the total share capital of the Company. The total consideration was HK\$73,759,900 (excluding transaction fees), and the remaining funds will be used for liquidity purpose. The lock-up period of the subject shares purchased under the employee stock ownership plan of the Company shall be 12 months effective from the date on which the Company announces that the latest purchased subject shares are transferred and registered. On 22 December 2023, the lock-up period of the Company's employee stock ownership plan for the year 2022 expired. Due to some holders' withdrawal from the employee stock ownership plan based on their personal wishes, the number of holders, the number of shares held and the percentage of shares held of the employee stock ownership plan have changed. As of the end of the Reporting Period, the total number of holders under the employee stock ownership plan was 298 and the total number of shares held was 16,686,000 shares, with the number of shares held accounting for approximately 0.5892% of the total share capital of the Company.

Section 4 Report of the Board

As of the end of the Reporting Period, the details of the shares calculated based on the employee stock ownership plan units are as follows:

Name/category of holders	Number of shares held
Ge Xiaobo	1,340,478
Wu Lingyun	53,619
Zhou Min	13,404
Other employees in aggregate	15,278,499

Note: The five highest paid individuals did not hold any employee stock ownership plan units during the Reporting Period

The Company will continue to pay attention to the implementation progress of the employee stock ownership plan for the year 2022, and perform the information disclosure obligations in accordance with the requirements of relevant laws and regulations.

XV. Other Disclosures

(I) Share Capital

The information is set out in the “Consolidated Statement of Financial Position” and Note 39 to the Consolidated Financial Statements of this report.

(II) Pre-emptive Rights

There is no pre-emptive rights arrangement of the Company pursuant to the laws of the PRC and the requirements of the Articles of Association.

(III) Sufficiency of Public Float

During the Reporting Period and up to the date of this report, the public float of H Shares of the Company remains in compliance with the waiver from strict compliance with the public float requirements granted by HK Stock Exchange pursuant to Rule 8.08(1)(d) of the Listing Rules.

(IV) Management Contracts

During the Reporting Period, the Company did not enter into any contracts nor had any existing contracts in respect of all or any management and administration of the Company.

Section 4 Report of the Board

(V) Information on Tax Reduction and Exemption for Holders of H Shares

According to the Notice on the Management of Personal Income Tax Impose after the Abolition of Guo Shui Fa [1993] No. 045 Document issued by the State Administration of Taxation (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅征管問題的通知》(國稅函[2011]348號)), the dividend received by foreign resident individual shareholders from the issuance of shares in Hong Kong by domestic non-foreign invested enterprises is subject to the payment of individual income tax according to the items of "interests, dividend and bonus income", which shall be withheld by the withholding agents according to relevant laws. The foreign resident individual shareholders who hold the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant agreed treatment pursuant to the provisions in the tax agreements signed between the countries where they reside and China or the tax arrangements between Mainland and Hong Kong (Macau). The tax rate for dividends under the relevant tax agreements and tax arrangements is generally 10%, and for the purpose of simplifying tax administration, domestic non-foreign invested enterprises issuing shares in Hong Kong may, when distributing dividends, generally withhold individual income tax at the rate of 10%, and are not obligated to file an application. If the tax rate for dividends is not equal to 10%, the following provisions shall apply: (1) for citizens from countries which have entered into tax agreements/arrangements stipulating a tax rate of lower than 10%, the withholding agents will file applications on their behalf to seek entitlement of the relevant agreed preferential treatments, and upon approval by the tax authorities, the excess tax amounts withheld will be refunded; (2) for citizens from countries which have entered into tax agreements/arrangements stipulating a tax rate of higher than 10% but lower than 20%, the withholding agents will withhold the individual income tax at the agreed-upon effective tax rate when distributing dividends, and are not obligated to file an application; (3) for citizens from countries without tax agreements or are under other situations, the withholding agents will withhold the individual income tax at a tax rate of 20% when distributing dividends.

According to the requirements of the Notice on the Withholding Corporate Income Tax on the Dividends Distributed by the Chinese Resident Enterprise to Foreign H Shares Non-resident Enterprise Shareholders (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) issued by the STA, when the Chinese resident enterprises distribute dividends of 2008 and subsequent years to foreign H Shares non-resident enterprise shareholders, they shall pay the withholding enterprise income tax at the unified rate of 10%.

Section 4 Report of the Board

Pursuant to provisions in the Notice on Tax Policy Regarding Shanghai-Hong Kong Stock Connect Pilot Programs Issued by the Ministry of Finance, the STA and CSRC (Cai Shui [2014] No. 81) (《財政部國家稅務總局證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the Notice on Tax Policy Regarding Shenzhen-Hong Kong Stock Connect Pilot Programs (Cai Shui [2016] No.127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for the dividends obtained by mainland individual investors from investing in H Shares listed in HK Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, such H-share companies shall withhold individual income tax at the tax rate of 20%. For the dividends obtained by mainland securities investment funds by investing in shares listed in HK Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the individual income tax will be levied pursuant to the provisions mentioned above. For the dividends obtained by mainland enterprise investors from investing in shares listed in HK Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, such H-share companies shall not withhold and pay any income taxes on the dividends, as the income taxes shall be reported and paid by the investing enterprises on their own. Meanwhile, for the dividends obtained by mainland resident enterprises from holding relevant H Shares for consecutive 12 months, the corporate income taxes shall be exempted according to laws.

Pursuant to the current practices of Inland Revenue Department of Hong Kong, no withholding taxes shall be levied for the dividends distributed by the Company.

The shareholders of the Company shall pay the relevant taxes and/or be entitled to tax relieves pursuant to the above provisions.

(VI) Reserves and Reserves of Profits Available for Distribution

As of 31 December 2024, the Company's reserves available for distribution to shareholders were RMB3,132,880,870.62.

(VII) Major Customers and Suppliers

The Company provides services for various individual and institutional customer groups with a large customer base and wide distribution. The Company's major customers include non-enterprise institutions, large, medium and small enterprises, institutional investors and retail customers. During the Reporting Period, revenue generated from the top five customers amounted to RMB101 million, accounting for 2.40% of total revenue, net investment gains and other income of the Group. None of the Directors, Supervisors or any of their respective close associates or any shareholder holding more than 5% of the issued share capital of the Company has any interests in the Company's top five customers.

Due to the nature of the business, the Company has no major supplier.

Section 4 Report of the Board

(VIII) Property and Equipment

For the information of the Group's property and equipment during the Reporting Period, please refer to the Consolidated Statement of Financial Position and Note 20 of this report.

(IX) Fulfillment of Social Responsibilities

For the information of fulfillment of social responsibilities during the Reporting Period, please refer to Section 9 "Environmental and Social Responsibility" of this report.

(X) Relationship between the Company and its Employees, Customers and Suppliers

1. Employees

For details, please refer to Section 7 "VI. Information about Staff and Remuneration of the Company and Major Subsidiaries" of this report.

2. Customers

For details, please refer to "XV. Other Disclosures" in this section.

3. Suppliers

For details, please refer to "XV. Other Disclosures" in this section.

(XI) Compliance with Laws and Regulations

The business of the Company is mainly conducted in mainland China, and the Company has already listed on HK Stock Exchange and the Shanghai Stock Exchange. Hence, in strict compliance with the requirements of laws, regulations and regulatory documents for both domestic and overseas listing markets, including the Company Law, Securities Law, Regulations on Supervision and Management of Securities Companies, Administrative Measures for the Risk Control Indexes of Securities Companies, CG Code, the Company has formulated and improved continuously the Articles of Association, rules and regulations of the Company to regulate the business and operation of the Company, striving to maintain and promote a sound corporate market image. During the Reporting Period and up to the date of this report, the Company has complied with the relevant laws and regulations in Mainland China and Hong Kong.

(XII) Major Events after the Reporting Period

For details, please refer to Section 5 "VIII. Significant Subsequent Events" of this report.

Section 4 Report of the Board

(XIII) Exchange Rate Fluctuation Risks and any Related Hedging

The foreign currency assets and liabilities held by the Company are not material when compared to total assets and liabilities. In terms of the Company's revenue structure, the majority of the business transactions are settled in RMB, with only insignificant revenue from foreign currency transactions. The Company considers that their exchange rate fluctuation risk is immaterial.

(XIV) Issued Debentures, Equity Linked Agreement and Share Option Arrangement

Please refer to "2. Debt Financing of (V) Major Investment and Financing Activities under I. Board's Discussion and Analysis on the Operation of the Company during the Reporting Period" for details regarding issued debentures of the Company.

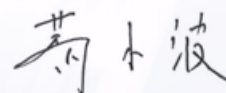
During the Reporting Period, the Company did not signed any equity linked agreement or had any share option arrangement.

(XV) Business Review

Please refer to section "I. Board's Discussion and Analysis on the Operation of the Company during the Reporting Period" for details regarding the fair review and analysis of the business of the Company using financial key performance indicators and discussion and analysis regarding the future business development of the Company, section "III. Risk Management" for details regarding the major risks and uncertainties exposed to the Company, section "(XI) Compliance with Laws and Regulations of XV. Other Disclosures" for details regarding the Company's compliance with the laws and regulations that have material impact on the Company, section "(X) Relationship between the Company and its Employees, Customers and Suppliers of XV. Other Disclosures" for details regarding the description of the major relationship between the Company and its employees, customers and suppliers, Section 5 "VIII. Significant Subsequent Events" of this report for details regarding the significant events that have material impact on the Company after the end of financial year and Section 9 "Environmental and Social Responsibility" of this report for details regarding the environmental policy and performance of the Company.

By order of the Board

Guolian Minsheng Securities Company Limited



Ge Xiaobo
Chairman

26 March 2025

Section 5 Other Significant Events

I. Significant Penalty or Public Censure of the Company during the Reporting Period

During the Reporting Period, there was no significant penalty or public censure imposed to the Company.

II. Significant Litigations and Arbitrations

(I) Outstanding Cases during the Reporting Period

The Stock Pledged Repurchase Transaction dispute case between the Company and Guangzhou Huiyin Huahe Investment Enterprise (Limited Partnership) (廣州匯垠華合投資企業 (有限合夥)) and Zhang Guizhen

The foregoing matters of this case have been disclosed in the Company's previous periodic reports. On 11 January 2024, the Company received a civil ruling (2021) Su Min Zhong No. 84 issued by the Jiangsu Provincial Higher People's Court (江蘇省高級人民法院) on 29 December 2023, which rescinded the first instance ruling of this case and directed the Wuxi Intermediate People's Court (無錫市中級人民法院) to adjudicate. On 22 July 2024, the Company received a summons (Case No. (2024) Su 02 Min Chu No. 236 (蘇02民初236號)) and litigation materials from the Wuxi Intermediate People's Court, in which the plaintiff, Zhang Guizhen, changed the claims as follows: I. the defendant, Guolian Securities, shall compensate for the loss of RMB424,906,744.31 and interest (calculated based on RMB424,906,744.31 from the date of case filing on 28 June 2024 until the actual payment date at the one-year loan prime rate (LPR) published by the National Interbank Funding Center for the same period); II. the defendant, Guolian Securities, shall bear all the litigation costs of this case. As of the end of the Reporting Period, the case was still ongoing.

(II) Other On-going Enforcement Cases during the Reporting Period

As of the end of the Reporting Period, there was no further progress for the time being in respect of the dispute over corporate bonds between the Company and Yihua Enterprise (Group) Co., Ltd., and the SME private placement bonds dispute case between the Company and Inner Mongolia Nailun Agriculture Technology Corporation (內蒙古奈倫農業科技股份有限公司). The foregoing matters had already been disclosed in the previous periodical reports.

The Stock Pledged Repurchase Transaction dispute case between the Company and Peng Peng (彭朋): The foregoing matters had already been disclosed in the previous periodical reports. On 2 August 2024, the Guilin Intermediate People's Court of Guangxi Zhuang Autonomous Region issued the Case Closure Notice ((2024) Gui 03 Zhi Hui No.37) ((2024)桂03執恢37號《執行案件結案通知書》), stating that the case was closed as all debts of the enforced party had been fully executed.

Section 5 Other Significant Events

III. Important Contracts and Their Fulfillment

On 8 August 2024, the Company executed the Agreements on Acquisition of Assets by Issuing Shares with effective conditions with 45 Counterparties other than Oceanwide Holdings. As of the date of this report, the Agreements on Acquisition of Assets by Issuing Shares have become effective and both the Company and the parties to the transaction have performed their respective obligations as agreed in the said agreements. The foregoing matters have been disclosed in previous interim announcements.

IV. Connected Transactions

Particulars of the major related party transactions of the Group for the year ended 31 December 2024 are set out in Note 55 to the Consolidated Financial Statements. Among these, certain related party transactions also constitute connected transactions under Chapter 14A of the Listing Rules and are subject to reporting, annual review and announcement in accordance with the requirements of Chapter 14A under the Listing Rules. The Company has complied with the provisions in Chapter 14A under the Listing Rules in respect of such related party transactions, particulars of which are as follows:

(I) Continuing Connected Transactions by the Group during this Year

The Continuing Connected Transactions of the Group are mainly conducted with Guolian Group and its Associates. Guolian Group is the Controlling Shareholder of the Company. Under the Listing Rules, Guolian Group and its Associates are connected persons of the Group. Therefore, the agreements entered into between the Group and Guolian Group and its Associates constitute Connected Transactions under the Listing Rules. The Company renewed the Securities and Financial Framework Agreement and the Property Leasing and Related Services Framework Agreement on 27 December 2023. In view of the past long-term cooperative relationship between the Group and Guolian Group and its Associates, such transactions have facilitated and will continue to facilitate the overall business operation and business growth of the Group. At the same time, through integrating the advantageous resources of the Group and Guolian Group and its Associates, they will lower operating costs and general expenditure of the Group, provide additional revenue source for the Group and further enhance the profitability of the Group and its position in the securities industry. Furthermore, based on knowledge of Guolian Group and its Associates regarding the operation of the Group, they are capable of providing more suitable and effective services to the Group when compared with independent third parties. As one or more of the applicable percentage ratios of the annual caps for the years 2024, 2025 and 2026 under the Securities and Financial Framework Agreement and Property Leasing and Related Services Framework Agreement are more than 0.1% but less than 5%, the Securities and Financial Framework Agreement, Property Leasing and Related Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but are exempted from the independent shareholders' approval requirements.

The validity period of the Securities and Financial Framework Agreement and the Property Leasing and Related Services Framework Agreement is three years, commencing on 1 January 2024 and expiring on 31 December 2026 respectively, and renewable under the premises of mutual agreement and compliance with the Listing Rules.

The principal terms and conditions of the Securities and Financial Framework Agreement and the Property Leasing and Related Services Framework Agreement are set out in the announcement of the Company dated 27 December 2023.

Section 5 Other Significant Events

1. Securities and Financial Framework Agreement

1. *Securities and financial products services*

According to the requirements of Guolian Group, the Group shall provide Guolian Group and its Associates with a series of financial services, including securities brokerage (including seat leasing), Futures IB, entrusted asset management, agency sales of financial products, financial advisory, underwriting and sponsorship, securities investment consultancy and other financial services approved by China Securities Regulatory Commission.

According to the requirements of the Group, Guolian Group and its Associates shall provide the Group with a series of financial services, including management of trust plans, futures brokerage, futures investment consultancy, commercial insurance and other financial services approved by China Securities Regulatory Commission and the National Administration of Financial Regulation (國家金融監督管理總局).

2. *Securities and financial products transactions*

According to the requirements of the parties, the Group conducts securities and financial products transactions with Guolian Group and its Associates, including but not limited to: subscription by Guolian Group and its Associates for income certificates, bonds, asset-backed securities, pledged dealer-quoted repurchase transactions and other securities and financial products issued by the Group, subscription by the Group for the trust plans, bonds, asset-backed securities and other securities and financial products issued by Guolian Group and its Associates, sales under repurchase agreements and placements from banks and other financial institutions in the inter-bank and exchanges market by the Group with Guolian Group and its Associates, and financial derivatives transactions, bonds and other fixed income products transactions by the Group with Guolian Group and its Associates.

Section 5 Other Significant Events

Basis of pricing

1. *Securities and financial products services*

- (1) Under the Securities and Financial Framework Agreement, the service fees or commissions received by the Group for the provision of related securities and financial products services to Guolian Group and its Associates shall be determined after arm's length negotiations between the parties in accordance with the applicable laws and regulations, with reference to the then prevailing market price, level of fees or commissions received by the Group for the provision of same type of services to independent third parties and taking into account factors such as the size and complexity of the transactions.

(i) Securities brokerage services

The securities brokerage services in the market usually have transparent and standardized commission rates. The commission rates are determined after arm's length negotiations between the parties with reference to the commission rates applicable to independent third parties and the estimated scale of the brokerage transactions.

(ii) Futures IB services

The service fee of Futures IB is determined after arm's length negotiations with reference to industry practices, the revenue sharing ratio of major securities companies in the PRC. According to the latest available market information, in respect of Futures IB business, the major securities companies in the PRC usually split revenue with futures dealers at a certain ratio. In respect of the Futures IB transaction between the Group and Guolian Futures, the revenue sharing ratio will fall within the prevailing market revenue sharing ratio scope and is set at a standard more favorable to the Group compared with the market practices.

Section 5 Other Significant Events

(iii) *Entrusted asset management services*

In respect of the pricing policy of service fee of the Collective Asset Management Scheme, there are a large number of clients participating in the Collective Asset Management Scheme, and the various fees such as management fees and performance-based remuneration received by the Group from Guolian Group and its Associates are in line with those received from other clients of the respective collective products.

In respect of the pricing policy of service fee of the Single Asset Management Scheme, as each transaction has different target assets whose conditions vary from each other, the Group determines the management fee with reference to the price of similar transactions in the market which have similar target asset or in similar condition and historical management fee in similar transactions between the Group and independent third parties, with the rate ranging from 0.8‰ to 5‰.

(iv) *Agency sales of financial products services*

In respect of agency sales of financial products, as the risk factors of different products vary from each other, products with higher risks charge higher agency sales fee. There is no specific standard price in the market, therefore, the price of agency sales transactions between the Group and Guolian Trust shall be determined upon fair trade principle and with reference to market price for specific products, the price of agency sales of similar financial products of independent third parties and industry practices.

(v) *Financial advisory services*

As the financial advisory services are highly individualized, different transaction's target business varies in size, conditions and different counterparties have different bargaining power, it is hard to set out a standardized price or fee ratio. However, the Group will determine the price after arm's length negotiations between the parties with reference to the price of similar transactions which are available publicly in third-party databases, and the price of the Group's similar historical transactions with independent third parties.

Section 5 Other Significant Events

(vi) *Underwriting and sponsorship services*

The competition in securities underwriting and sponsorship service market is intense, and the commission rates and fees are typically transparent and standardized across the market. The service fees shall be determined after arm's length negotiations with reference to the prevailing market rates, total amount of funds to be raised and commission rate charged to the independent third party by the Group for provision of similar services.

(vii) *Securities investment consultancy services*

Such services shall be determined after arm's length negotiations between the parties, taking into account the content and complexity of the specific services, and with reference to the prevailing market rates or commissions for transactions with similar service content and size, as well as the fees charged for similar services provided to independent third parties.

- (2) Under the Securities and Financial Framework Agreement, the service fees or commissions received by Guolian Group and its Associates for the provision of related securities and financial products services to the Group shall be determined after arm's length negotiations between the parties in accordance with the applicable laws and regulations, with reference to the then prevailing market price, fees or commissions paid by the Group to independent third parties for the same type of services and taking into account specific service content.

(i) *Management services of trust plans*

The price of management services of trust plans is determined after arm's length negotiations between the parties with reference to the price of similar management services of trust plans in the market at the rate of the management fee charged by independent third parties in similar transactions with the Group in the past.

(ii) *Futures brokerage services*

The commissions are determined after arm's length negotiations between the parties with reference to the commission rates applicable to independent third parties and the estimated scale of the brokerage transactions.

Section 5 Other Significant Events

(iii) Futures investment consultancy services

The service fee of futures investment consultancy is determined after arm's length negotiations with reference to the industry average fee standard. In respect of the futures investment consultancy business between the Company and Guolian Futures, the standard of investment consultancy service fee is approximate to the market average.

(iv) Commercial insurance services

The pricing principles of commercial insurance services are based on those factors such as the industry category in which the Group operates, the number of the insured, the average age of the insured, the participation of the insured in local social insurance and the insured amount demanded, and in accordance with the underwriting rules of Guolian Life Insurance and previous experience in premium calculation to comprehensively determine the service prices.

2. Securities and financial products transactions

- (1) Under the Securities and Financial Framework Agreement, the subscription by the Group and Guolian Group and its Associates for securities and financial products shall be determined after arm's length negotiations between the parties at the then applicable market price or market rate for such type of securities and financial products.

(i) Sales under repurchase agreements in the inter-bank and exchange market

The prices for transactions in the PRC inter-bank bond market and the PRC exchange bond market are determined based on the prices quoted in the PRC inter-bank bond market and the PRC exchange bond market. Such quoted prices are mainly determined with reference to the valuation of relevant securities and financial products published by China Central Depository & Clearing Co., Ltd., the yield curve and the turnover details published by China Foreign Exchange Trade System & National Interbank Funding Center.

Section 5 Other Significant Events

(ii) Income certificates, bonds, asset-backed securities and other products

The Group issues income certificates, bonds, asset-backed securities and other financing instruments based on its funding needs, the issue price, interest rate and other terms are determined based on the terms of prices and interest rates of comparable similar securities in the market during the same period. The subscription by Guolian Group and its Associates for the financing instruments issued by the Group are conducted on normal commercial terms, and the subscription price is the same as that of other independent third party investors.

(iii) Financial derivatives

The pricing for financial derivative transactions is mainly determined with reference to financial derivative pricing models, such as Monte Carlo simulation and B-S model.

(iv) Pledged dealer-quoted repurchase

The Group determines the annualised yields of the “Lianlian Ying (聯聯盈)” series of pledged dealer-quoted repurchase products based on its funding needs and market prices, and all the clients of the Group can participate in the subscription for pledged dealer-quoted repurchase products. The gains that can be obtained by Guolian Group and its Associates are in line with those that can be obtained by independent third parties in respect of the same type of products.

- (2) Under the Securities and Financial Framework Agreement, the subscription by the Group for the relevant securities and financial products issued by Guolian Group and its Associates shall be determined after arm's length negotiations between the parties at the then applicable market price or market rate for such type of securities and financial products.

Section 5 Other Significant Events

(i) Trust plans and other financial products

The subscription price is at the same subscription price as the subscriptions by other investors. Such subscription price is determined by the financial institutions which set up the financial products after considering the fundamentals of the assets/businesses to be invested. The subscription by the Group for the trust plans and other financial products issued by Guolian Group and its Associates shall be determined with reference to the factors such as the expected yield of similar trust plans and other financial products in the market at that time and the net value of such financial products.

(ii) Bonds, asset-backed securities and other products

The subscription price is determined with reference to the valuation of financing instruments published by China Central Depository & Clearing Co., Ltd. with the same credit qualification and term and shall be in line with the subscription price for subscription by other investors.

Section 5 Other Significant Events

1. Securities and financial products services

During the Reporting Period, the particulars of the commissions charged/paid by the Group for the provision of/receiving the securities and financial products services to/from Guolian Group and its Associates were as follows:

Unit: RMB'million

Item	2024 Annual Cap of Transaction Amount	2024 Actual Transaction Amount
Revenue received by the Group		
Including securities brokerage (including seat leasing), Futures IB, entrusted asset management, agency sales of financial products, financial advisory, underwriting and sponsorship, securities investment consultancy and other financial services approved by China Securities Regulatory Commission	70.8	12.89
Expenses incurred by the Group		
Including management of trust plans, futures brokerage, futures investment consultancy, commercial insurance and other financial services approved by China Securities Regulatory Commission and the National Administration of Financial Regulation	9.75	3.44

Section 5 Other Significant Events

2. Securities and financial products transactions

(1) *Securities and financial products transactions (excluding sales under repurchase agreements and pledged dealer-quoted repurchase transactions)*

During the Reporting Period, the particulars of the total capital inflows/outflows generated from the securities and financial product transactions (excluding sales under repurchase agreements and pledged dealer-quoted repurchase transactions) between the Group and Guolian Group and its Associates are as follows:

Unit: RMB'million

Item	2024 Annual Cap of Transaction Amount	2024 Actual Transaction Amount
Total capital inflow arising from securities and financial products transactions between the Group and Guolian Group and its Associates (deducting the amount of sales under repurchase agreements transactions and the amount of pledged dealer-quoted repurchase transactions)	1,050	21
Total capital outflow arising from securities and financial products transactions between the Group and Guolian Group and its Associates	1,050	0

Section 5 Other Significant Events

(2) *Securities and financial products transactions (sales under repurchase agreements and pledged dealer-quoted repurchase transactions only)*

During the Reporting Period, the particulars of the daily maximum balance (including interest) of the securities and financial product transactions (sales under repurchase agreements and pledged dealer-quoted repurchase transactions only) between the Group and Guolian Group and its Associates are as follows:

Unit: RMB'million

Item	2024	2024
	Annual Cap of Transaction Amount	Actual Transaction Amount

Maximum daily balance of sales under repurchase agreements and pledged dealer-quoted repurchase transactions between Guolian Group and its Associates and the Group (including interests) ^{Note}

525 0

Note: Sales under repurchase agreements and pledged dealer-quoted repurchase transactions constitute the non-exempted continuing connected transactions under the Listing Rules as they are equivalent to financial assistance and collateral has been provided in connection with the financial assistance.

2. Property Leasing and Related Services Framework Agreement

- the Group leased certain properties from Guolian Group and its Associates for office and/or business use, and engaged the associates of Guolian Group for the provision of relevant services in relation to the properties (including leased properties and certain self-owned properties) occupied by the Group, including but not limited to providing equipment leasing, property management, security, water and electricity for the Group.
- Guolian Group and its Associates leased certain properties from the Group for office and/or business use.

Section 5 Other Significant Events

Basis of pricing

Under the Property Leasing and Related Services Framework Agreement, the rentals of the properties to be leased by the parties shall be determined after arm's length negotiations between the parties with reference to the prevailing market rental of properties with similar locations and sizes to the relevant leasing properties and/or the conclusion of the valuation report issued by the independent third party valuation agency engaged by the Group.

Under the Property Leasing and Related Services Framework Agreement, the fees of the related services shall be determined after arm's length negotiations between the parties with reference to the fees payable by the Group to independent third parties for similar services.

During the Reporting Period, the particulars of the revenue/expenses of the Group incurred for renting/leasing the properties and receiving the related property services provided by Guolian Group and its Associates were as follows:

Unit: RMB' million

Items	2024 Annual Cap of Transaction Amount	2024 Actual Transaction Amount
Revenue received by the Group		
Including revenue generated from property for leasing	3	0.54
Expenses incurred by the Group		
Including rental expenses incurred for property leasing ^{note} /total value of right-of-use assets and fee expenses of related services	214	96.99

Note: The expenses for the year ended 31 December 2024 were included 1) the expenses for short-term leases and leases of low value assets entered into with Guolian Group and/or its Associates of RMB nil; 2) the total value of right-of-use assets of the properties leased from Guolian Group and/or its Associates during the year of RMB86,526 thousand; 3) the expenses for the related property services with Guolian Group and/or its Associates of RMB10,466 thousand; 4) interest expense of the lease liabilities and the depreciation of the right-of-use assets with Guolian Group and/or its Associates of RMB1,012 thousand and RMB25,733 thousand respectively.

Section 5 Other Significant Events

The independent non-executive Directors of the Company have reviewed the aforesaid Continuing Connected Transactions and issued the following independent opinions on those Continuing Connected Transactions that they are being conducted:

- (1) during the ordinary and usual course of business of the Company;
- (2) on normal commercial terms or better;
- (3) according to relevant agreements of the transactions, the terms of which are fair and reasonable and are in the interests of the shareholders of the Company as a whole.

The auditors engaged by the Company had issued a letter to the Board of the Company regarding their review of the aforesaid Continuing Connected Transactions and provided the following opinions:

In respect of the disclosed Continuing Connected Transactions:

- (1) nothing has come to our attention that causes us to believe that the disclosed Continuing Connected Transactions have not been approved by the Company's Board of Directors.
- (2) for transactions involving the provision of goods or services by the Group, nothing has come to our attention that causes us to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.
- (3) nothing has come to our attention that causes us to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.
- (4) with respect to the aggregate amount of each of the Continuing Connected Transactions, nothing has come to our attention that causes us to believe that the disclosed Continuing Connected Transactions have exceeded the annual cap as set by the Company.

The Company confirmed that it had complied with all the disclosure requirements in relation to the disclosure of the Continuing Connected Transactions under Chapter 14A of the Listing Rules.

Section 5 Other Significant Events

(II) Internal Control and Corporate Governance Measures

The Group has adopted a series of internal pricing approval and internal control procedures, which mainly include:

- (1) the Company has set up a monitoring system, which has a detailed list of the Company's connected persons. If any of the transactions involve connected persons of the Company, such transaction will be timely reported to the Board of Directors Office of the Company and can only be continued with the approval and confirmation of the Board of Directors Office. In this way, the Board of Directors Office is able to track down every Connected Transaction's amounts and make sure the annual caps would not be exceeded;
- (2) the department in charge of the specific transaction will collect market prices. Such market prices include (i) prices of similar transactions in the market; (ii) the Company's pricing of similar transactions in the past; and (iii) as to the Property Leasing and Related Services Framework Agreement, pricing by similar market transactions or independent third party property valuers. The Company will refer to such market prices in determination of the transaction prices under the Securities and Financial Framework Agreement and the Property Leasing and Related Services Framework Agreement;
- (3) the Company has established its internal guidelines and policies for management of different types of securities and financial products transactions, as well as the internal procedures and systems for approval and supervision of such transactions. Such policies and guidelines set out the requirements for pre-trading pricing enquiries, applicable interest rates, procedures for price determination, approval authority and procedures, record keeping, supervision and review procedures for different types of transactions and businesses;
- (4) all of the Continuing Connected Transactions are reviewed and confirmed by independent non-executive Directors annually; and
- (5) the Auditing Department of the Company is responsible for the audit of major Connected Transactions one by one to ensure the truthfulness, accuracy and completeness of the audit report information, and submit the audit report to the Board of Directors for review.

Section 5 Other Significant Events

(III) Other Connected Transactions

On 14 May 2024, the Company disclosed the Announcement on the Resolutions of the Sixteenth Meeting of the Fifth Session of the Board of Guolian Securities Co., Ltd. (《國聯證券股份有限公司第五屆董事會第十六次會議決議公告》), the Plan for Acquisition of Assets by Issuing Shares and Raising Supporting Funds by Guolian Securities Co., Ltd. and Related Party Transaction (《國聯證券股份有限公司發行股份購買資產並募集配套資金暨關聯交易預案》) and its summary, in which the Company proposed to acquire 100% shares of Minsheng Securities held by 46 entities in aggregate, including Guolian Group and Fengquanyu, by issuing A Shares, and to raise supporting funds. In particular, as Guolian Group directly and indirectly held 48.60% of the Shares of the Company, it was a Controlling Shareholder and Connected Person of the Company as defined under the Listing Rules. Accordingly, the Transactions also constitute connected transactions of the Company. The issue price of the shares under the Transactions was the average transaction price of A Shares for the 120 trading days preceding the Price Determination Date, i.e. RMB11.31 per share. The transaction price of the Subject Assets involved in the Transactions shall be determined by the negotiation among the parties to the transaction based on the valuation results of the valuation report issued by an asset valuation institution and filed with the competent state-owned asset supervisory and regulatory authorities.

On 8 August 2024, the Company disclosed the Announcement on the Resolutions of the Seventeenth Meeting of the Fifth Session of the Board of Guolian Securities Co., Ltd. (《國聯證券股份有限公司第五屆董事會第十七次會議決議公告》), the Report on Acquisition of Assets by Issuing Shares and Raising Supporting Funds by Guolian Securities Co., Ltd. and Related Party Transaction (Draft) (《國聯證券股份有限公司發行股份購買資產並募集配套資金暨關聯交易報告書(草案)》) and its summary, in which the Transactions were adjusted to be that the Company proposed to acquire the 99.26% shares of Minsheng Securities held by 45 entities including Guolian Group and Fengquanyu, by issuing A shares, and raise supporting funds. As the Company distributed a cash dividend of RMB1.42 (tax inclusive) per 10 shares to all Shareholders in August 2024, the issue price of the Transactions has been adjusted on an ex-dividend basis accordingly to RMB11.17 per share. According to the Asset Valuation Report on the Value of Entire Shareholders' Equity in Minsheng Securities Co., Ltd. Involved in the Proposed Acquisition of Shares of Minsheng Securities Co., Ltd. Held by Wuxi Guolian Development (Group) Co., Ltd. (無錫市國聯發展(集團)有限公司) and Other Shareholders by Issuing Shares by Guolian Securities Co., Ltd. (Zhong Lian Ping Bao Zi [2024] No. 1372) issued by China United Assets Appraisal Group Co., Ltd., as of 31 March 2024 (the "Valuation Benchmark Date"), the assessment value of the entire shareholders' equity of Minsheng Securities was RMB29,888,785,700, which have been filed with the competent state-owned asset supervisory and regulatory authorities. Given that Minsheng Securities has distributed cash dividends of RMB170,593,200 and paid RMB7,025,700 in cash for the repurchase of shares after the Valuation Benchmark Date, it has been determined through friendly negotiation among the parties to the Transactions that the transaction price of the Subject Assets for each shareholder of Minsheng Securities participating in the Acquisition of Assets by Issuing Shares = (assessment value of equity interests in Minsheng Securities filed with the competent state-owned asset supervisory and regulatory authorities of RMB29,888,785,700 - profit distribution of Minsheng Securities after the Valuation Benchmark Date of RMB170,593,200 - cash paid for repurchase of shares of RMB7,025,700) x the proportion of shares of Minsheng Securities held by the Counterparties. Based on the foregoing valuation results, the transaction price of the Subject Assets is RMB29,491,805,700.

Section 5 Other Significant Events

On 3 September 2024, the Company disclosed the Announcement on Obtaining Approval from the Jiangsu Provincial Government State-owned Assets Supervision and Administration Committee for Major Assets Reorganisation Matters of Guolian Securities Co., Ltd. (《國聯證券股份有限公司關於重大資產重組事項獲得江蘇省政府國有資產監督管理委員會批覆的公告》). The Company received the Approval from the SASAC of Jiangsu Province Regarding the Acquisition of Assets of Minsheng Securities Co., Ltd. by Issuing Shares by Guolian Securities Co., Ltd. and Raising Supporting Fund (Su Guo Zi Fu [2024] No. 45) (《江蘇省國資委關於國聯證券股份有限公司發行股份購買民生證券股份有限公司資產並募集配套資金的批覆》(蘇國資覆〔2024〕45號)), in which the Jiangsu Provincial Government State-owned Assets Supervision and Administration Committee has approved, in principle, the Company's asset reorganisation and supporting financing plan.

On 4 September 2024, the Company disclosed the Poll Results of the First Extraordinary General Meeting for the Year 2024 and the First H Shareholders' Class Meeting for the Year 2024 of Guolian Securities Co., Ltd. (《國聯證券股份有限公司2024年第一次臨時股東大會及2024年第一次H股類別股東大會表決結果》), in which the relevant resolutions in relation to the Transactions were considered and approved at the general meeting and the class meeting of the Company.

On 17 December 2024, the Company disclosed the Announcement on the Approval by the Merger, Acquisition and Reorganisation Review Committee of the Shanghai Stock Exchange for the Acquisition of Assets By Issuing Shares and Raising Supporting Funds and Related Party Transaction of Guolian Securities Co., Ltd. (《國聯證券股份有限公司關於發行股份購買資產並募集配套資金暨關聯交易事項獲得上海證券交易所併購重組審核委員會審核通過的公告》). The Company received the Announcement on the Results of the Sixth Review Meeting of the Merger, Acquisition and Reorganisation Review Committee of the Shanghai Stock Exchange in 2024 (《上海證券交易所併購重組審核委員會2024年第6次審議會議結果公告》) issued by the Merger, Acquisition and Reorganisation Review Committee of the Shanghai Stock Exchange, and the Transactions have been reviewed and approved by the Shanghai Stock Exchange.

On 27 December 2024, the Company disclosed the Announcement on the Approval for Registration and Ratification of Reply by China Securities Regulatory Commission for the Acquisition of Assets by Issuing Shares and Raising Supporting Funds and Related Party Transaction and Other Matters of Guolian Securities Co., Ltd. (《國聯證券股份有限公司關於發行股份購買資產並募集配套資金暨關聯交易等事項獲得中國證券監督管理委員會同意註冊及核准批覆的公告》). The Company received the Reply on Approving the Registration of the Acquisition of Assets by Issuing Shares and Raising Supporting Funds of Guolian Securities Co., Ltd., Ratifying the Change of Substantial Shareholders of Guolian Securities Co., Ltd. and Minsheng Securities Co., Ltd. and the Change of Actual Controller of Minsheng Fund Management Co., Ltd. And Minsheng Futures Co., Ltd. (Zheng Jian Xu Ke [2024] No. 1911) (《關於同意國聯證券股份有限公司發行股份購買資產並募集配套資金註冊、核准國聯證券股份有限公司和民生證券股份有限公司變更主要股東、民生基金管理有限公司和民生期貨有限公司變更實際控制人等的批覆》(證監許可[2024]1911號)), and the Transactions have been approved by the CSRC for registration.

Section 5 Other Significant Events

On 30 December 2024, the Company disclosed the Announcement on the Completion of Transfer of the Subject Assets in respect of the Acquisition of Assets by Issuing Shares and Raising Supporting Funds and Related Party Transaction of Guolian Securities Co., Ltd. (《國聯證券股份有限公司關於發行股份購買資產並募集配套資金暨關聯交易之標的資產過戶完成的公告》). The transfer of 99.26% shares of Minsheng Securities has been completed, and Minsheng Securities issued the Equity Certificate of Minsheng Securities Co., Ltd. (《民生證券股份有限公司股權證》) to the Company and recorded the Company in its shareholder register. The Company has become a shareholder of Minsheng Securities, holding 11,288,911,130 shares of Minsheng Securities (representing 99.26% of the total share capital of Minsheng Securities).

On 6 January 2025, the Company disclosed the Announcement on the Issuance Results of the Acquisition of Assets by Issuing Shares and Changes in Share Capital of Guolian Securities Co., Ltd. (《國聯證券股份有限公司關於發行股份購買資產之發行結果暨股本變動公告》), the Announcement on the Implementation of the Acquisition of Assets by Issuing Shares and Related Party Transaction and Listing of New Shares of Guolian Securities Co., Ltd. (《國聯證券股份有限公司發行股份購買資產暨關聯交易實施情況暨新增股份上市公告書》) and its summary, and the Prompt Announcement on the Changes in Shareholders' Interests of Guolian Securities Co., Ltd. (《國聯證券股份有限公司關於股東權益變動的提示性公告》), and registration with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited for the new shares issued by the Company to Guolian Group and Fengquanyu for acquisition of all of their shares in Minsheng Securities has been completed on 3 January 2025.

For details, please refer to the relevant announcements of the Company dated 14 May, 8 August, 4 September, 17 December and 27 December 2024, and 6 January 2025, and the circular dated 20 August 2024 published on the HKEXnews website of the HK Stock Exchange.

V. Bankruptcy Reorganization, Acquisitions, Mergers and Divisions

During the Reporting Period, save as those disclosed in this report, the Company and its subsidiaries were not engaged in any bankruptcy reorganization, acquisitions, mergers or divisions.

VI. Major Off-balance-sheet Items

During the Reporting Period, the Company and its subsidiaries did not record any guarantees, mortgages or other major off-balance-sheet items that may affect the Company's financial position and operating results.

VII. Engagement and Dismissal of Accounting Firm

(I) Accounting Firm Currently Engaged by the Company

Name of Domestic Accounting Firm	ShineWing Certified Public Accountants LLP
Remuneration of Domestic Accounting Firm	RMB1.73 million
Term of Audit of Domestic Accounting Firm	1 year
Name and Cumulative Term of Service of Domestic Certified Public Accountants	Chao Xiaoyan (晁小燕): 1 year; Li Yuan (李源): 1 year
Name of Overseas Accounting Firm	SHINEWING (HK) CPA Limited
Remuneration of Overseas Accounting Firm	RMB450,000
Term of Audit of Overseas Accounting Firm	1 year
Name and Cumulative Term of Service of Overseas Certified Public Accountant	Peng Weiheng (彭衛恒): 1 year

In addition, the Company appointed ShineWing Certified Public Accountants LLP as the audit institution of internal control for the year 2024, and the relevant audit expenses were RMB300,000.

(II) Change of Engagement of Accounting Firm by the Company in Recent Three Years

Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu, the Company's predecessor accounting firms, have served the Company for 8 consecutive years since the completion of the audits for the year 2023, which has reached the maximum number of years of continuous engagement of accounting firms as stipulated in the Administrative Measures for State-owned Financial Enterprises to Select and Engage Accounting Firms (《國有金融企業選聘會計師事務所管理辦法》) issued by the Ministry of Finance. The Company should change its accounting firms for the year 2024.

Upon consideration and approval at the annual general meeting for the year 2023 of the Company, the Company appointed ShineWing Certified Public Accountants LLP and SHINEWING (HK) CPA Limited as the Company's domestic and foreign accounting firms for the year 2024 to provide the relevant auditing and review services according to the Accounting Standards for Business Enterprises of the PRC and the International Financial Reporting Standards, respectively, and appointed ShineWing Certified Public Accountants LLP as the Company's internal control auditor for the year 2024.

Please refer to the announcements of the Company dated 26 March and 19 June 2024, and the circular dated 24 May 2024 for details.

Section 5 Other Significant Events

VIII. Significant Subsequent Events

(I) Changes Of Directors, Supervisors and Senior Management

The Board received the resignation reports from Mr. Hua Weirong and Ms. Li Suo, the directors, in January 2025. Mr. Hua Weirong has tendered his resignation as a director, a member of the Remuneration and Nomination Committee, a member of the Risk Control Committee and a member of the Strategy and ESG Committee of the Company due to changes in work. Ms. Li Suo has tendered her resignation as a director of the Company due to changes in work. Prior to the election of new directors at the general meeting of the Company, Mr. Hua Weirong and Ms. Li Suo will continue to perform their respective duties of the directors and members of the special committees of the Company. At the first extraordinary general meeting for the year 2025 of the Company convened on 6 February 2025, the Resolution on the Election of Non-executive Directors for the Fifth Session of the Board of the Company (《關於選舉公司第五屆董事會非獨立董事的議案》) was considered and approved, and Mr. Gu Wei and Mr. Yang Zhenxing were elected as the non-independent directors for the fifth session of the Board of the Company, with a term of office commencing from the date of the consideration and approval by the general meeting to the expiry of the term of office of the fifth session of the Board. On the same day, the Company convened the twenty-second meeting of the fifth session of the Board, at which the Resolution on the Adjustment of the Members of the Special Committees of the Fifth Session of the Board of the Company was considered and approved, and Mr. Gu Wei was approved to serve as a member of the Remuneration and Nomination Committee, a member of the Risk Control Committee and a member of the Strategy and ESG Committee of the Board of the Company, while the members of the remaining committees remained unchanged.

(II) Annual Profit Distribution Proposal

The annual profit distribution proposal of the Company for the year 2024 is set out in Section 4 “IV. Profit Distribution Policies and Profit Distribution Situation” of this report.

(III) Major Investing and Financing Activities

Save as those disclosed in this report, the Company did not have other major investing and financing activities.

(IV) Major Litigations and Arbitrations

Nil

(V) Business Mergers or Disposals of Subsidiaries

Nil

(VI) Other Events That May Have a Material Impact on the Financial Position, Operating Results and Cash Flows of the Company

Nil

IX. Important Matters or Major Subsequent Events of Subsidiaries

(I) Analysis of major holding companies or invested companies

1. Hua Ying Securities: As of the end of the Reporting Period, Hua Ying Securities had total assets of RMB769,785,700 and net assets of RMB359,223,500. During the Reporting Period, it achieved operating income of RMB340,054,400, total profit of RMB2,256,700 and net profit of RMB-4,011,600.

Principal businesses of Hua Ying Securities: Licensed items: securities business; bond market business (For items requiring approval in accordance with the law, commencement of operations is subject to the approval by the relevant authorities, and the specific items are subject to the approval results). General items: securities financial advisory services (Except for items requiring approval in accordance with the law, operations shall be commenced independently with the business licences in accordance with the law).

2. Guolian Capital: As of the end of the Reporting Period, Guolian Capital had total assets of RMB742,197,700 and net assets of RMB253,389,900. During the Reporting Period, it achieved operating income of RMB23,092,300, total profit of RMB4,968,500 and net profit of RMB3,273,300.

Principal businesses of Guolian Capital: Investment management (For items requiring approval in accordance with the law, commencement of operations is subject to the approval by the relevant authorities).

3. Guolian Chuangxin: As of the end of the Reporting Period, Guolian Chuangxin had total assets of RMB126,187,900 and net assets of RMB125,818,600. During the Reporting Period, it achieved operating income of RMB-23,727,100, total profit of RMB-26,087,900 and net profit of RMB-14,273,900.

Principal businesses of Guolian Chuangxin: External investment, venture capital investment, industrial investment and equity investment with proprietary funds (For items requiring approval in accordance with the law, commencement of operations is subject to the approval by the relevant authorities).

4. Guolian HK: As of the end of the Reporting Period, Guolian HK had total assets of RMB583,814,600 and net assets of RMB241,992,400. During the Reporting Period, it achieved operating income of RMB42,683,100, total profit of RMB4,870,900 and net profit of RMB4,773,300.

Guolian HK is principally engaged in holdings, investment, and overseas securities business through its subsidiaries. Currently, Guolian HK has obtained licences under Types 1, 4, 6 and 9 of the Securities and Futures Commission of Hong Kong, as well as the qualified foreign investor business qualification.

Section 5 Other Significant Events

5. Guolian Assets Management: As of the end of the Reporting Period, Guolian Assets Management had total assets of RMB1,143,680,300 and net assets of RMB1,073,759,700. During the Reporting Period, it achieved operating income of RMB170,989,300, total profit of RMB54,241,300 and net profit of RMB42,542,100.

Principal businesses of Guolian Assets Management: Licensed items: securities business (For items requiring approval in accordance with the law, commencement of operations is subject to the approval by the relevant authorities, and the specific items are subject to the approval documents or licenses issued by the competent authorities). General items: securities financial advisory services (Except for items requiring approval in accordance with the law, operations shall be commenced independently with the business licences in accordance with the law).

6. Guolian Fund: As of the end of the Reporting Period, Guolian Fund had total assets of RMB1,285,786,200 and net assets of RMB1,164,902,100. During the Reporting Period, it achieved operating income of RMB432,436,000, total profit of RMB90,392,400 and net profit of RMB61,630,200.

Principal businesses of Guolian Fund: Fund raising, fund sales, specific customer asset management.

7. Zhonghai Fund: As of the end of the Reporting Period, Zhonghai Fund had total assets of RMB309,999,800 and net assets attributable to the parent company of RMB231,584,800. During the Reporting Period, it achieved operating income of RMB124,685,600, total profit of RMB3,920,800 and net profit of RMB3,651,400.

Principal businesses of Zhonghai Fund: Fund raising, fund sales, asset management and other businesses approved by the CSRC.

Note: The above information is based on financial information prepared in accordance with the Accounting Standards for Business Enterprises of the PRC.

(II) Material Litigations

Dispute over the liability for misrepresentation of securities between Hua Ying Securities and Shandong Longlive Bio-Technology Co., Ltd.

The preceding matters of this case have been disclosed in the previous regular reports of the Company. On 5 September 2024, Hua Ying Securities received the summons for court session issued by the Intermediate People's Court of Jinan City, Shandong Province, and a hearing was held on 14 October 2024 for this case. As of the end of the Reporting Period, the case was still ongoing.

Section 6 Information of Changes of Equity (Capital) and Substantial Shareholders

I. Changes in Shares during the Reporting Period

As at the end of the Reporting Period, the total share capital of the Company was 2,831,773,168 shares, of which 2,389,133,168 shares were A Shares and 442,640,000 shares were H Shares.

II. Shareholders as at the End of the Reporting Period

At the end of the Reporting Period, the Company had 129,988 registered shareholders, including 129,899 shareholders of A Shares and 89 registered shareholders of H Shares.

At the end of the Reporting Period, the shareholdings of the top 10 shareholders of the Company were as follows:

Name of shareholders	Nature of shareholders	Number of shares held (shares)	Percentages of shares held	Number of shares changed during the Reporting Period (shares)	Pledge or freeze up over shares held (shares)
Guolian Group	State-owned legal person	543,901,329	19.21%	–	Nil
HKSCC (Nominees) Limited (Note 1)	Overseas legal person	442,505,570	15.63%	11,280	Unknown
Guolian Trust	State-owned legal person	390,137,552	13.78%	–	Nil
Wuxi Electric	State-owned legal person	266,899,445	9.43%	–	Nil
Minsheng Investment	State-owned legal person	73,500,000	2.60%	–	Nil
Cotton Textile	State-owned legal person	72,784,141	2.57%	–	Nil
Hong Kong Securities Clearing Company Limited (Note 2)	Overseas legal person	29,202,194	1.03%	4,846,746	Nil
Huaguang Environmental	State-owned legal person	29,113,656	1.03%	–	Nil
Jiangsu Xinfang Industrial Co., Ltd.* (江蘇新紡實業股份有限公司)	Domestic non- state-owned legal person	22,500,000	0.79%	–	Nil
Wuxi Jinhong Telecommunications Group Co., Ltd.	Domestic non- state-owned legal person	20,000,000	0.71%	-1,000,000	Nil

Note 1: The shares held by HKSCC (Nominees) Limited are for the benefits of non-registered holders of H Shares.

Note 2: The shares held by Hong Kong Securities Clearing Company Limited are the A Shares of the Company held by the investors of Shanghai Stock Connect.

Section 6 Information of Changes of Equity (Capital) and Substantial Shareholders

At the end of the Reporting Period, Guolian Group, the Controlling Shareholder of the Company, directly held 19.21% of the shares in the Company, and indirectly held 29.40% of the shares in the Company through Guolian Trust, Wuxi Electric, Minsheng Investment, Cotton Textile and Huaguang Environmental, and thus holding 48.60% of the shares in the Company in total.

III. General Information on Shareholders Holding 10% or More of the Shares

Guolian Group was established in December 1997, and is a wholly state-owned enterprise group contributed and organized by Wuxi State-owned Assets Supervision and Administration Commission with a state-owned asset investment qualification granted. Its registered capital is RMB8,391,110,000. Guolian Group is mainly engaged in capital and assets operation; external investment with proprietary funds; trade consultancy; enterprise management service. The legal representative and general manager of Guolian Group are Mr. Xu Ke and Mr. Gu Wei (顧偉), respectively.

Guolian Trust was established in January 1987, whose predecessor was Wuxi Trust Investment Company* (無錫市信託投資公司), which was later renamed and changed into a joint stock company with limited liability with a registered capital of RMB3 billion. Guolian Trust is principally engaged in fund trust; chattel trust; real estate trust; marketable securities trust; other property or property right trust. The legal representative of Guolian Trust is Mr. Zhou Weiping.

IV. Disclosure of Interests

As at 31 December 2024, to the knowledge of the Company's Directors after making reasonable enquiry, the following persons (not being the Directors, Supervisors or chief executives of the Company) have interests or short positions in the shares and underlying shares of the Company which shall be disclosed to the Company and recorded in the register required to be kept by the Company in accordance with Sections 2 and 3 of Part XV of the SFO and Section 336 of the SFO:

Name of shareholders	Types of shares	Nature of interests	Number of shares (Note 3)	Percentage of total issued shares of the Company (Note 4)	Percentage of total issued shares in the total relevant types of shares of the Company (Note 4)
Guolian Group (Note1)	A Shares	Beneficial owner and interest of controlled corporation	1,376,336,123 (L)	48.60%	57.61%
Guolian Trust	A Shares	Beneficial owner	390,137,552 (L)	13.78%	16.33%
Guolian Industrial (Note 2)	A Shares	Interest of controlled corporation	266,899,445 (L)	9.43%	11.17%
Wuxi Electric	A Shares	Beneficial owner	266,899,445 (L)	9.43%	11.17%

Section 6 Information of Changes of Equity (Capital) and Substantial Shareholders

Note 1: Guolian Group is the beneficial owner of 543,901,329 A Shares of the Company, and is deemed to be interested in the following shares in controlled corporations: (i) 390,137,552 A Shares of the Company held by Guolian Trust; (ii) 266,899,445 A Shares of the Company held by Wuxi Electric; (iii) 73,500,000 A Shares of the Company held by Minsheng Investment; (iv) 72,784,141 A Shares of the Company held by Cotton Textile; and (v) 29,113,656 A Shares of the Company held by Huaguang Environmental.

Note 2: Guolian Industrial is deemed to be interested in the 266,899,445 A Shares of the Company held by Wuxi Electric, its wholly-owned subsidiary.

Note 3: (L) denotes long positions.

Note 4: Up to 31 December 2024, the Company issued 2,389,133,168 A Shares and 442,640,000 H Shares in total. The total number of shares is 2,831,773,168.

Save as disclosed above, as at 31 December 2024, the Company is not aware of any other persons (excluding the Directors, Supervisors and chief executives of the Company) having the interests or short positions in the shares or underlying shares of the Company that are required to be recorded in the register under Section 336 of the SFO.

V. Purchase, Sale or Redemption of the Company's Listed Securities

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

Section 7 Information of Directors, Supervisors, Senior Management and Staff

I. Changes in Shareholdings and Remuneration Information of Current and Resigned Directors, Supervisors and Senior Management during the Reporting Period

Name	Position	Gender	Age	Date of commencement and completion of employment	Number of shares held (shares)	Remuneration received during the Reporting Period (In RMB ten thousand)	Remarks
Directors							
Ge Xiaobo	Chairman of the Board, Executive Director, President	Male	54	20 October 2022 to 19 October 2025	–	143.48	–
Gu Wei	Non-executive Director	Male	50	6 February 2025 to 19 October 2025	–	–	–
Zhou Weiping	Non-executive Director	Male	56	20 October 2022 to 19 October 2025	–	–	–
Wu Weihua	Non-executive Director	Male	47	20 October 2022 to 19 October 2025	–	–	–
Yang Zhenxing	Non-executive Director	Male	45	6 February 2025 to 19 October 2025	–	–	–
Liu Hailin	Non-executive Director	Male	47	20 October 2022 to 19 October 2025	–	–	–
Chu, Howard Ho Hwa	Independent Non-executive Director	Male	60	20 October 2022 to 19 October 2025	–	18.00	–
Gao Wei	Independent Non-executive Director	Male	58	20 October 2022 to 19 October 2025	–	18.00	–
Guo Chunming	Independent Non-executive Director	Male	49	31 December 2024 to 19 October 2025	–	–	–
Hua Weirong	Non-executive Director (resigned)	Male	59	20 October 2022 to 6 February 2025	–	–	Changes in job arrangements
Li Suo	Non-executive Director (resigned)	Female	45	20 October 2022 to 6 February 2025	–	–	Changes in job arrangements
Wu Xingyu	Independent Non-executive Director (resigned)	Male	48	20 October 2022 to 31 December 2024	–	18.00	Resignation upon expiry of term of office
Supervisors							
Xue Chunfang	Chairman of the Supervisory Committee, Shareholder Representative Supervisor	Female	42	19 June 2024 to 19 October 2025	–	27.00	–
Xu Kan	Shareholder Representative Supervisor	Male	35	20 October 2022 to 19 October 2025	–	–	–
Xu Jingyan	Shareholder Representative Supervisor	Female	47	20 October 2022 to 19 October 2025	–	–	–
Wu Lingyun	Employee Representative Supervisor	Female	49	20 October 2022 to 19 October 2025	–	50.71	–
Zhou Min	Employee Representative Supervisor	Male	41	20 October 2022 to 19 October 2025	–	43.66	–
Xu Faliang	Chairman of the Supervisory Committee, Shareholder Representative Supervisor (resigned)	Male	60	20 October 2022 to 19 June 2024	–	41.40	Reaching retirement age
Senior Management							
Jiang Zhiqiang	Chief Risk Officer	Male	54	20 October 2022 to 19 October 2025	–	81.00	–
Yin Hongwei	Vice President	Female	58	20 October 2022 to 19 October 2025	–	118.52	–
Li Qin	Vice President	Male	48	20 October 2022 to 19 October 2025	–	92.40	–
Ma Qunxing	Vice President	Male	48	20 October 2022 to 19 October 2025	–	94.50	–
Yin Lei	Vice President and Financial Officer	Male	54	20 October 2022 to 19 October 2025	–	96.62	–
Xu Chun	Vice President	Male	38	27 December 2023 to 19 October 2025	–	351.00	–
Wang Jie	Secretary of the Board	Male	55	20 October 2022 to 19 October 2025	–	94.50	–
Dai Jiechun	Chief Compliance Officer	Male	48	20 October 2022 to 19 October 2025	–	94.50	–
Huang Wei	Chief Information Officer	Male	46	27 October 2023 to 19 October 2025	–	81.00	–

Note 1: In the case of re-election of Directors, Supervisors and senior management of the Company, the date of commencement of employment shall be the date of first appointment for the current re-election;

Note 2: During the Reporting Period, no non-cash remuneration was ever received by any Directors, Supervisors or senior management of the Company, and the Company did not implement any equity incentive schemes;

Note 3: The statistical basis of remuneration of the Directors, Supervisors and senior management of the Company during the Reporting Period was the remuneration received during the term of office. The total pre-tax remuneration received from the Company during the Reporting Period was the remuneration attributable to and paid in 2024.

Section 7 Information of Directors, Supervisors, Senior Management and Staff

II. Positions held by Current Directors, Supervisors and Senior Management

(I) Positions held in the shareholders

Name	Name of the shareholders	Position held	Date of commencement of employment	Date of completion of employment
Gu Wei	Guolian Group	Deputy Secretary of the Party Committee, Director and President	November 2023	To present
Zhou Weiping	Guolian Trust	Chairman	January 2014	To present
Wu Weihua	Guolian Group	General Manager of the Strategic Development Department	August 2021	To present
	Huaguang Environmental	Director	December 2022	To present
	Guolian Trust	Director	June 2023	To present
Yang Zhenxing	Fengquanyu	Chairman and General Manager	December 2020	To present
Liu Hailin	Jiangsu Xinfang	General Manager and Executive Director	April 2019	To present
Xue Chunfang	Guolian Trust	Deputy Secretary of the Party General Branch	October 2024	To present

Section 7 Information of Directors, Supervisors, Senior Management and Staff

(II) Positions held in other companies

Name	Name of other companies	Position held in other companies	Date of commencement of employment	Date of completion of employment
Ge Xiaobo	Hua Ying Securities	Chairman	December 2021	To present
		Director	November 2019	To present
	Guolian HK	Chairman	February 2020	To present
	Guolian Fund	Director	May 2023	To present
Gu Wei	Guolian Assets Management	Chairman	September 2023	To present
	Minsheng Securities	Chairman	March 2024	To present
	Guolian Financial Investment	Director	January 2024	To present
	Wuxi Guofa Capital Operation Co., Ltd.* (無錫市國發資本運營有限公司)	Director	November 2023	To present
Zhou Weiping	Guolian Industrial	Director	January 2024	To present
	Wuxi Rural Commercial Bank Co., Ltd.* (無錫農村商業銀行股份有限公司)	Director	June 2020	To present
Wu Weihua	Guolian Financial Investment	Director	October 2021	To present
	Wuxi Nianhuawan Cultural Investment Development Co., Ltd. (無錫拈花灣文化投資發展有限公司)	Director	October 2021	To present
	Guolian Life Insurance Co., Ltd.	Director	April 2023	To present
	Wuxi Liantai Venture Capital Co., Ltd.* (無錫聯泰創業投資有限公司)	Chairman	March 2023	To present
	Wuxi Delian Investment Co., Ltd.* (無錫市德聯投資有限公司)	Chairman	March 2023	To present
	Wuxi Baolian Investment Co., Ltd.* (無錫市寶聯投資有限公司)	Chairman	June 2023	To present
	Hua Hong Semi-Conductor (Wuxi) Co., Ltd.* (華虹半導體(無錫)有限公司)	Director	October 2023	To present
	Hua Hong Semi-Conductor Manufacturing (Wuxi) Co., Ltd.* (華虹半導體製造(無錫)有限公司)	Director	November 2023	To present
	Wuxi Xihong Guoxin Investment Co., Ltd.* (無錫錫虹國芯投資有限公司)	Chairman, General Manager	December 2023	To present
	Wuxi Xihong Lianxin Investment Co., Ltd.* (無錫錫虹聯芯投資有限公司)	Chairman, General Manager	January 2024	To present
	Hainan Xinchun Airlines Co., Ltd. (海南新春航空有限公司)	Executive Director, General Manager	December 2021	To present
	Tianjin Ailin Airplane Rental Co., Ltd. (天津艾琳飛機租賃有限公司)	Executive Director, General Manager	June 2023	To present
	Cambodian Sky Angkor Airlines (柬埔寨天空吳哥航空公司)	Chief Representative of the Beijing Branch	June 2023	To present

Section 7 Information of Directors, Supervisors, Senior Management and Staff

Name	Name of other companies	Position held in other companies	Date of commencement of employment	Date of completion of employment
Chu, Howard Ho Hwa	Go Capital Limited	Fund Partner	January 2014	To present
	BOE Varitronix Limited	Independent Director	June 2016	To present
	Crypto Flow Technology Limited	Independent Director	September 2022	To present
Gao Wei	Zhongguancun Science-Tech Leasing Co., Ltd.	Company Secretary	June 2019	To present
	Yunnan Ruihe Jincheng Industrial Co., Ltd.* (雲南瑞和錦程實業股份有限公司)	Director	February 2021	To present
	Best Mart 360 Holdings Limited	Independent Director	September 2023	To present
	AK Medical Holdings Limited	Independent Director	June 2024	To present
Guo Chunming	Boyalife Stem Cell Technology Co., Ltd.* (博雅幹細胞科技有限公司)	Vice President	June 2016	To present
	Tianjin Boyaleap Technology Co., Ltd.* (天津力牧生物科技股份有限公司)	General Manager	December 2016	To present
Xu Kan	Wuxi Weifu High-technology Group Co., Ltd.* (無錫威孚高科技集團股份有限公司)	Securities Representative and Assistant Director of the Board of Directors Office	March 2021	To present
Xu Jingyan	Wuxi Gaofa Investment Development Group Co., Ltd.* (無錫市高發投資發展集團有限公司)	Assistant to the General Manager	February 2024	To present
Jiang Zhiqiang	Zhonghai Fund	Director	November 2011	To present
	Hua Ying Securities	Director	May 2023	To present
Yin Hongwei	Guolian Assets Management	Chief Risk Officer	September 2023	To present
	Guolian Capital	Chairman	April 2020	To present
	Guolian HK	Director	March 2021	March 2025
	Guolian Assets Management	Vice Chairman	September 2023	To present
Li Qin	Guolian HK	Director	February 2020	To present
Yin Lei	Hua Ying Securities	Director	May 2023	To present
	Zhonghai Fund	Director	July 2023	To present
	Guolian Assets Management	Director, Financial Officer	September 2023	To present
Wang Jie	Hua Ying Securities	Director	December 2021	To present
	Guolian Fund	Director	May 2023	July 2024
	Guolian Assets Management	Supervisor	September 2023	To present
Huang Wei	Hua Ying Securities	Chief Information Officer	May 2023	To present
	Guolian Assets Management	Chief Information Officer	September 2023	To present
Dai Jiechun	Guolian Assets Management	Chief Compliance Officer	September 2023	To present

Section 7 Information of Directors, Supervisors, Senior Management and Staff

III. Remuneration Management Information of Directors, Supervisors and Senior Management

(I) Basis of Determination

The remuneration standards for Directors and Supervisors of the Company are determined in accordance with the level of the same industry, market conditions and the practical situation of the Company, while the remuneration of senior management is decided by the remuneration system of the Company, which is linked to the position and performance.

(II) Decision-making Procedures

The non-executive Directors and non-employee Supervisors of the Company do not receive any remuneration from the Company. The remuneration of independent non-executive Directors of the Company is determined after reviewing by the Remuneration and Nomination Committee and the Board and submitting for approval at the General Meetings with reference to industry average norm. The remuneration of executive Directors of the Company is determined after reviewing by the Remuneration and Nomination Committee and the Board and submitting for approval at the General Meetings. The remuneration of non-employee Supervisors of the Company is determined after reviewing by the Supervisory Committee and submitting for approval at General Meetings, and the remuneration of employee Supervisors is determined and implemented in accordance with the relevant remuneration management system of the Company based on their specific positions held in the Company and their work contents. The remuneration of senior management is determined under the remuneration assessment system of the Company and submitting to the Board of the Company for approval after the consideration and approval of the Remuneration and Nomination Committee of the Board.

(III) Non-cash Remuneration Information

During the Reporting Period and up to the date of this report, no non-cash remuneration was ever received by any Directors, Supervisors or senior management of the Company.

(IV) Information of Remuneration Payment to Directors, Supervisors and Senior Management

For details regarding the information of remuneration payment to Directors, Supervisors and senior management of the Company, please refer to the Changes in Shareholdings and Remuneration Information of Current and Resigned Directors, Supervisors and Senior Management during the Reporting Period under this section. The total remuneration of Directors, Supervisors and senior management of the Company in 2024 was RMB14,642,900. For the list of top five staff with highest remuneration and the category of remuneration of senior management, please refer to the Note 12 to the Consolidated Financial Statements of this report.

Section 7 Information of Directors, Supervisors, Senior Management and Staff

IV. Changes of Directors, Supervisors and Senior Management during the Reporting Period

(I) Changes of Directors

On 7 November 2024, the Board of the Company received a written resignation letter from Mr. Wu Xingyu, an independent non-executive Director. Pursuant to the Measures for the Administration of Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》) and other regulations, Mr. Wu Xingyu has tendered his resignation as an independent non-executive Director, a member and the chairman of the Audit Committee, a member of the Remuneration and Nomination Committee and a member of the Risk Control Committee of the Company as he has served six years consecutively. At the second extraordinary general meeting for the year 2024 of the Company convened on 31 December 2024, the Resolution on the Election of Independent Director for the Fifth Session of the Board of the Company (《關於選舉公司第五屆董事會獨立董事的議案》) was considered and approved, and Mr. Guo Chunming was elected as an independent non-executive Director for the fifth session of the Board of the Company. Mr. Guo Chunming will succeed Mr. Wu Xingyu as an independent non-executive Director, a member and the chairman of the Audit Committee, a member of the Remuneration and Nomination Committee and a member of the Risk Control Committee under the Board of the Company, with a term of office commencing from the date of the consideration and approval by the general meeting to the expiry of the term of office of the fifth session of the Board.

(II) Changes of Supervisors

On 29 April 2024, at the eleventh meeting of the fifth session of the Supervisory Committee of the Company, the Resolution on the Change of Supervisor and Nomination of Candidate for Supervisor (《關於變更監事暨提名監事候選人的議案》) was considered and approved, and Mr. Xu Faliang would cease to act as a supervisor of the fifth session of the Supervisory Committee and the chairman of the Supervisory Committee of the Company due to reaching the age of retirement, and the Supervisory Committee of the Company agreed to nominate Ms. Xue Chunfang to be the candidate for supervisor of the fifth session of the Supervisory Committee of the Company, which will be submitted to the general meeting of the Company for election. Upon the approval of the election of Ms. Xue Chunfang, Mr. Xu Faliang ceased to be a supervisor and the chairman of the Supervisory Committee of the Company. On 19 June 2024, the Resolution on the Change of Supervisor (《關於變更監事的議案》) was considered and approved at the annual general meeting of the Company for the year 2023, Ms. Xue Chunfang was elected as a supervisor of the Company, and Mr. Xu Faliang ceased to act as a supervisor and the chairman of the Supervisory Committee of the Company. On the same day, at the thirteenth meeting of the fifth session of the Supervisory Committee of the Company, the Resolution on the Election of Ms. Xue Chunfang as the Chairman of the Supervisory Committee of the Company (《關於選舉薛春芳女士為公司監事會主席的議案》) was considered and approved, and Ms. Xue Chunfang was agreed to act as the chairman of the Supervisory Committee of the Company, with a term of office commencing from the date of the consideration and approval by the Supervisory Committee to the expiry of the term of office of the fifth session of the Supervisory Committee.

(III) Changes of Senior Management

During the Reporting Period, there was no change in senior management.

Section 7 Information of Directors, Supervisors, Senior Management and Staff

V. Biographies of Current Directors, Supervisors and Senior Management of the Company

(I) Directors

Mr. Ge Xiaobo (葛小波), born in 1970, Chinese nationality with no right of permanent residency abroad, holds a master's degree in business administration. He is currently the chairman of the Board, the executive Director and the president of the Company, and concurrently serves as the chairman of Hua Ying Securities, the chairman of Guolian HK, the chairman of Guolian Assets Management, a director of Guolian Fund, a member supervisor of SAC, the vice chairman of Development Strategy Committee, the vice chairman of the Exchange Commission of the Shanghai Stock Exchange (上交所交易委員會), a member of Accounting Standards Committee and Capital Market Advisory Committee of the Ministry of Finance, and a member of China Industrial Cooperation Economics Association. He previously served as the manager and senior manager of the investment banking department, sponsor representative, deputy director of the A Shares listing office, deputy general manager and executive general manager of the risk control department, administrative person-in-charge of the trading and derivatives department, planning and finance department, risk management department, and overseas business and fixed income business, a member of the executive committee, the person-in-charge of accounting affairs and chief risk officer of CITIC Securities Co., Ltd. He had concurrently served as the director of CITIC Securities International Limited, CLSA Limited, China Asset Management Co., Ltd., CITIC Securities Investment Co., Ltd., CITIC Private Equity Funds Management Co., Ltd. and Zhonghai Fund, etc., the vice chairman of the innovation committee and the vice chairman of the overseas committee of the SAC.

Mr. Gu Wei (顧偉), born in 1975, Chinese nationality with no right of permanent residency abroad, holds a master's degree in public administration. He is currently the deputy secretary of the Party Committee, director and president of Guolian Group, secretary of the Party Committee and a Director of the Company, chairman of Minsheng Securities, director of Guolian Financial Investment, director of Wuxi Guofa Capital Operation Co., Ltd.* (無錫市國發資本運營有限公司) and director of Guolian Industrial. He previously served as a clerk of Wuxi Finance and Trade Information Center* (無錫市財貿信息中心), deputy director of the Secretariat of Wuxi Finance and Trade Office* (無錫市財貿辦公室秘書處), deputy director of the First Comprehensive Division* (綜合一處) and director of Administration Division* (行政處) of Wuxi Municipal Government Office* (無錫市政府辦公室), vice district chief of Wuxi Nanchang District Government and Liangxi District Government* (無錫市南長區政府、梁溪區政府), director and secretary of the Party group of Wuxi Administrative Approval Bureau* (無錫市行政審批局), director and secretary of the Party group of Wuxi Local Financial Supervision and Administration Bureau* (無錫市地方金融監督管理局).

Section 7 Information of Directors, Supervisors, Senior Management and Staff

Mr. Zhou Weiping (周衛平), born in 1968, Chinese nationality with no right of permanent residency abroad, holds a master's degree in business administration. He is currently the chairman of the board of Guolian Trust, and a director of Wuxi Rural Commercial Bank Co., Ltd.* (無錫農村商業銀行股份有限公司), and has been a Director of the Company since June 2016. He previously served as an accountant of Wuxi Mineral Exploration Machinery Factory* (無錫市探礦機械總廠), finance manager of Wuxi Hengda Securities Co., Ltd.* (無錫恒達證券公司), deputy manager of Shanghai Handan Road Branch of Wuxi Trust Investment Co., Ltd.* (無錫市信託投資公司), deputy manager and manager of Kaixin Securities Branch of Wuxi Trust Investment Co., Ltd., general manager of the Brokerage Department of the Company, general manager of Wuxi Guolian Futures Brokerage Co., Ltd.* (無錫國聯期貨經紀有限公司), finance manager of Guolian Group, chairman of the board of Wuxi Guolian Futures Brokerage Co., Ltd. and executive director, president, interim chief executive officer and interim chief financial officer of Suntech Power Holdings Co., Ltd.

Mr. Wu Weihua (吳衛華), born in 1978, Chinese nationality with no right of permanent residency abroad, holds a master's degree and is an intermediate economist. He is currently the general manager of the strategic development department of Guolian Group, director of Guolian Financial Investment, director of Wuxi Nianhuawan Cultural Investment Development Co., Ltd.* (無錫拈花灣文化投資發展有限公司), director of Huaguang Environmental, director of Guolian Life Insurance Co., Ltd., director of Guolian Trust, etc., and has been a Director of the Company since October 2022. He previously served as the assistant manager, deputy manager of the investment and development department, deputy director of the office, deputy general manager of the financial investment management department of Guolian Group, general manager, executive director and chairman of the board of Wuxi Equity Exchange Co., Ltd.

Mr. Yang Zhenxing (楊振興), born in 1979, Chinese nationality with no right of permanent residency abroad, and holds a bachelor's degree. He is currently the chairman of Fengquanyu and concurrently serves as an executive director and the general manager of Hainan Xinchun Airlines Co., Ltd.* (海南新春航空有限公司), an executive director and the general manager of Tianjin Ailin Airplane Rental Co., Ltd.* (天津艾琳飛機租賃有限公司) and the chief representative of the Beijing branch of Cambodian Sky Angkor Airlines* (柬埔寨天空吳哥航空公司), and has been a Director of the Company since February 2025. He previously served as the general manager and chairman of Shandong Bohui Paper Industry Co., Ltd.* (山東博匯紙業股份有限公司), vice chairman of Shandong Bohui Group Co., Ltd.* (山東博匯集團有限公司), and executive director of Jiangsu Haili Chemical Co., Ltd.* (江蘇海力化工有限公司).

Section 7 Information of Directors, Supervisors, Senior Management and Staff

Mr. Liu Hailin (劉海林), born in 1977, Chinese nationality with no right of permanent residency abroad, holds a bachelor's degree in management. He is currently the general manager and executive director of Jiangsu Xinfang, and has been a Director of the Company since May 2008. He previously served as a technician, head of workshop and deputy general manager of Jiangsu Xinfang.

Mr. Chu, Howard Ho Hwa (朱賀華), born in 1964, a resident of Hong Kong, China, holds a master's degree in business administration. He is currently a fund partner of Go Capital Limited, an independent non-executive director of BOE Varitronix Limited (0710.HK) and an independent non-executive director of Crypto Flow Technology Limited (8198.HK), and has been an independent non-executive Director of the Company since June 2019. He previously served as the director of ABN AMRO Asia Corporate Finance Ltd., co-CEO and co-founder of Hong Kong MyRice.com, director of HSBC Investment Bank, chief investment officer of Shanghai Century Acquisition Corporation, assistant to chairman of United Energy Group Limited (0467.HK), chief financial officer of Trony Solar (2468.HK, delisted), independent non-executive director of Directel Holdings Limited (8337.HK), independent non-executive director of China Kingstone Mining Holdings Limited (1380.HK), chief financial officer of China Smart Electric Group Limited* (中國智能電氣集團有限公司), independent non-executive director of Weichai Power Co., Ltd. (2338.HK) and the chief executive officer of mReferral Corporation (HK) Limited.

Mr. Gao Wei (高偉), born in 1966, Chinese nationality with no right of permanent residency abroad, holds a degree of doctor of laws and the Chinese lawyer qualification certificate. He is currently the chief representative of Beijing Representative Office of The Hong Kong Chartered Governance Institute, company secretary of Zhongguancun Science-Tech Leasing Co., Ltd. (1601.HK), independent non-executive director of Best Mart 360 Holdings Limited, independent non-executive director of AK Medical Holdings Limited, arbitrator of China International Economic and Trade Arbitration Commission, China Maritime Arbitration Commission, Beijing Arbitration Commission and Shanghai Arbitration Commission, and has been an independent non-executive Director of the Company since October 2022. He previously served as the director, general manager and legal representative of Sinotrans Air Transportation Development Company Limited (600270.SH, delisted), secretary to the board and general counsel of Sinotrans Limited (0598. HK), secretary to the board and financial officer of Zhongguancun Science-Tech Leasing Co., Ltd., one of the vice-chairmen of the Board Secretary Committee of China Association for Public Companies and a council member and vice chairman of The Hong Kong Chartered Governance Institute.

Section 7 Information of Directors, Supervisors, Senior Management and Staff

Mr. Guo Chunming (郭春明), born in 1975, Chinese nationality with no right of permanent residency abroad, is an associate professor of accounting and holds a doctorate degree in management. Mr. Guo Chunming is currently the vice president of Boyalife Stem Cell Technology Co., Ltd.* (博雅幹細胞科技有限公司) and the general manager of Tianjin Boyaleap Technology Co., Ltd.* (天津力牧生物科技有限公司), and has been an independent non-executive Director of the Company since December 2024. He previously served as a lecturer in the Accounting Department of Taiyuan University of Technology, an associate professor in the School of Accounting of Nanjing University of Finance and Economics, the general manager of the audit and compliance department of Wanhua Chemical Group Co., Ltd.* (萬華化學集團股份有限公司) (600309.SH), the chief financial officer of Wanhua Chemical (Ningbo) Co., Ltd.* (萬華化學(寧波)有限公司). He had concurrently served as an independent director of Meihua Holdings Group Co., Ltd.* (梅花生物科技集團股份有限公司) (600873.SH).

(II) Supervisors

Ms. Xue Chunfang (薛春芳), born in 1982, Chinese nationality with no right of permanent residency abroad, holds a master's degree in finance. She is currently the deputy secretary of the Party General Branch of Guolian Trust, and has been the chairman of the Supervisory Committee of the Company since June 2024. She previously served as an employee and assistant manager of Guolian Trust, an employee and assistant general manager of the financial investment management department and a deputy general manager of the strategic development department of Guolian Group, the deputy secretary to the Party Committee and chairwoman of the labour union of the Company, and was concurrently the chairwoman of the supervisory committee of Guolian Futures Co., Ltd.* (國聯期貨股份有限公司).

Mr. Xu Kan (徐看), born in 1989, Chinese nationality with no right of permanent residency abroad, holds a master's degree and is an engineer. He is currently the securities representative of Wuxi Weifu High-technology Group Co., Ltd.* (無錫威孚高科技集團股份有限公司) and the deputy director of the Board of Directors Office, and has been a Supervisor of the Company since October 2022. He previously served as the engineer and supervisor engineer of Wuxi Weifu Automotive Diesel System Co., Ltd.* (無錫威孚汽車柴油系統有限公司), secretary supervisor for confidential matters of the administration department, strategic planning director of the strategy and new business department of Wuxi Weifu High-technology Group Co., Ltd., and the assistant to the director of the Board of Directors Office.

Section 7 Information of Directors, Supervisors, Senior Management and Staff

Ms. Xu Jingyan (徐靜艷), born in 1978, Chinese nationality with no right of permanent residency abroad, holds a bachelor's degree. She is currently the assistant to the general manager of Wuxi Gaofa Investment Development Group Co., Ltd.* (無錫市高發投資發展集團有限公司), and has been a Supervisor of the Company since October 2022. She previously served as a staff member of the Finance Bureau of Wuxi New District Management Committee* (無錫新區管委會財政局), an accountant, the head of the accounting and audit division of the financial investment management department, the assistant to the director of the investment management department, the deputy director of the investment management department, and the deputy director of the asset management department of Wuxi New District Economic Development Group Corporation* (無錫市新區經濟發展集團總公司), deputy general manager of Wuxi High-Tech Industrial Development Co., Ltd.* (無錫高新技術產業發展股份有限公司), general manager of Wuxi Xinlianfa Property Management Co., Ltd.* (無錫新聯發物業管理有限公司), chairlady and legal representative of Wuxi Zhongxin Real Estate Co., Ltd.* (無錫眾信置業有限公司).

Ms. Wu Lingyun (伍凌雲), born in 1975, Chinese nationality with no right of permanent residency abroad, holds a bachelor's degree and is an intermediate accountant. She is currently the general manager of the Auditing Department of the Company, and has been an employee representative Supervisor of the Company since October 2022. She previously served as a cost accountant of the finance department of Wuxi Property Corporation* (無錫市物產總公司), auditor of the business department of Wuxi Puxin Certified Public Accountants Co., Ltd.* (無錫普信會計師事務所有限公司), head of the financial and accounting department, department manager of the depository center and deputy general manager of the operation management headquarter of the Company.

Mr. Zhou Min (周敏), born in 1983, Chinese nationality with no right of permanent residency abroad, and holds a bachelor's degree. He is currently the head of the party committee office of the Company, and has been an employee representative Supervisor of the Company since October 2022. He previously served as a copywriting planner of the planning department of Yixing Zhongtaoyifeng Culture Media Co., Ltd.* (宜興市中陶藝風文化傳媒有限公司), marketing planner of the marketing planning department of Wuxi Chuangdian Marketing Planning Co., Ltd.* (無錫市創點營銷策劃有限公司), marketing planner of the development and planning department of the brokerage business management headquarter, office publicity planner and publicity manager of the party committee office of the Company, and the publicity manager of the party committee office of Guolian Group.

(III) Senior Management

Mr. Jiang Zhiqiang (江志強), born in 1970, Chinese nationality with no right of permanent residency abroad, holds a master's degree in business administration. He is currently the chief risk officer of the Company, and concurrently serves as a director of Zhonghai Fund and Hua Ying Securities and the chief risk officer of Guolian Assets Management. He previously served as the manager of the Securities Investment Department, general manager of the Securities Branches, general manager of Wealth Management Center, the general manager of the Asset Management Department, assistant to president, vice president and the chairman of the Supervisory Committee of the Company.

Section 7 Information of Directors, Supervisors, Senior Management and Staff

Ms. Yin Hongwei (尹紅衛), born in 1966, Chinese nationality with no right of permanent residency abroad, holds a bachelor's degree. She is currently the vice president of the Company, and concurrently serves as the chairman of Guolian Capital and the vice chairman of Guolian Assets Management. She was a former teacher of Hubei Commercial College* (湖北商業專科學校), head office accountant of Hainan Guangsheng Industrial Co., Ltd.* (海南光盛實業有限公司), deputy manager and manager of the registration department of Hainan Securities Exchange Center* (海南證券交易中心登記部), assistant to general manager and deputy general manager of Exchange Center* (交易中心), deputy general manager of Shenzhen Securities Branch of Tiantong Securities* (天同證券深圳營業部), general manager of the securities branch of Shenzhen headquarters, general manager of Shenzhen Branch, executive general manager of the wealth management department of the headquarters of CITIC Securities Co., Ltd. and a director of Guolian HK.

Mr. Li Qin (李欽), born in 1976, Chinese nationality with no right of permanent residency abroad, holds a master's degree in economics. He is currently the vice president of the Company, and concurrently serves as a director of Guolian HK. He previously served in the risk management department of CITIC Securities Co., Ltd., deputy general manager and administrative person-in-charge of the risk management department of Founder Securities Co., Ltd., and a director of Guolian Chuangxin.

Mr. Ma Qunxing (馬群星), born in 1976, Chinese nationality with no right of permanent residency abroad, holds a master's degree in engineering. He is currently the vice president of the Company. He previously served as the assistant engineer and deputy director of the technical section of the Second Plant of Xishan Organic Chemical* (錫山有機化工二廠), equipment engineer and process engineer of Shanghai Aijian Initiator Co., Ltd.* (上海愛建引發劑有限公司), process supervisor of New Meiya Circuit (Wuxi) Co., Ltd.* (新美亞電路(無錫)有限公司), China marketing manager and Asia Pacific purchasing manager of Solvay Investment Co., Ltd. (Rhodiahe Merger)* (索爾維投資有限公司(羅地亞合併)). He previously served as the chief researcher, deputy director and director of the Research Institute of the Company.

Mr. Yin Lei (尹磊), born in 1970, Chinese nationality with no right of permanent residency abroad, holds a master's degree in accounting and holds the Chinese Certified Public Accountant Certificate. He is currently the vice president cum financial officer of the Company, and concurrently serves as a director of Hua Ying Securities, a director of Zhonghai Fund, and a director and the financial officer of Guolian Assets Management. He previously served as cashier, audit accountant, accounting officer and executive general manager of the planning and finance department of CITIC Securities Co., Ltd.; general manager and chief financial officer of the planning and finance department of CITIC Jintong Securities Co., Ltd.; assistant president, member of executive committee, vice president and financial officer of Founder Securities Co., Ltd.

Section 7 Information of Directors, Supervisors, Senior Management and Staff

Mr. Xu Chun (徐春), born in 1987, Chinese nationality with no right of permanent residency abroad, holds a master's degree in science, a non-practice membership certificate of the Chinese Institute of Certified Public Accountants and a legal profession qualification certificate. He is currently the vice president of the Company and the general manager of the Research Institute. He previously served as an industry researcher, deputy general manager and general manager of the Research Institute in Changjiang Securities Co., Ltd.* (長江證券股份有限公司).

Mr. Wang Jie (王捷), born in 1970, Chinese nationality with no right of permanent residency abroad, holds a master's degree in economics. He is currently the secretary to the Board of the Company, and concurrently serves as a director of Hua Ying Securities and a supervisor of Guolian Assets Management. He previously served as the director of the human resources department, executive general manager, managing director and head of department administration of CITIC Securities Co., Ltd., assistant to general manager of the president office in CITIC Holdings Co., Ltd., director of human resources in CITIC Securities (Shandong) Co., Ltd., senior partner of Shanghai Corplution Consulting* (上海愷訊諮詢公司) and a director of Guolian Fund.

Mr. Dai Jiechun (戴潔春), born in 1976, Chinese nationality with no right of permanent residency abroad, holds a master's degree in business administration and is an internationally registered internal auditor, internationally registered risk management confirmer and senior accountant. He is currently the chief compliance officer of the Company, and concurrently serves as the chief compliance officer of Guolian Assets Management. He previously served as an audit staff of Jiangsu Accounting Firm* (江蘇會計師事務所) (now known as Talent Certified Public Accountants), grade-five assistant of the Institutional Supervision Division of the Nanjing Special Office of CSRC* (中國證監會南京特派辦機構監管處), grade-five assistant and clerk of the Institutional Supervision Division of Jiangsu Securities Regulatory Bureau* (江蘇證監局機構監管處), and staff member, senior staff member and principal staff member of the Inspection Division of Jiangsu Securities Regulatory Bureau* (江蘇證監局稽查處), principal staff member, associate researcher and deputy director of the First Division of Listed Company Supervision of Jiangsu Securities Regulatory Bureau* (江蘇證監局上市公司監管一處), deputy director of Corporate Supervision Division of Jiangsu Securities Regulatory Bureau* (江蘇證監局公司監管處), deputy director and grade-two researcher of Accounting Supervision Division of Jiangsu Securities Regulatory Bureau* (江蘇證監局會計監管處).

Mr. Huang Wei (黃葳), born in 1978, Chinese nationality with no right of permanent residency abroad, holds a master's degree in business administration. Mr. Huang Wei joined the Company in 2017 and is currently the chief information officer of the Company and the general manager of the Information Technology Headquarters, and concurrently serves as the chief information officer of Hua Ying Securities and Guolian Assets Management. He previously served as the assistant general manager of the information technology headquarters in Soochow Securities Co., Ltd.* (東吳證券股份有限公司), and deputy general manager (responsible for daily operations) of the information technology department and e-commerce department in Soochow Life Insurance Co., Ltd.* (東吳人壽保險股份有限公司).

Section 7 Information of Directors, Supervisors, Senior Management and Staff

VI. Information about Staff and Remuneration of the Company and Major Subsidiaries

(I) Staff

Items	Number of Staff (Headcount)
Number of employees in parent company	2,268
Number of employees in major subsidiaries	997
Total number of employees	3,265
Number of retired employees whose parent company and major subsidiaries undertake the expenses	112

Professional Structure	
Category	Number of Staff (Headcount)
Brokerage business	1,604
Investment banking business	451
Assets management business	136
Proprietary trading business	119
Credit transactions business	16
Research business	139
Institutional sales business	49
Information technology	145
Planning and finance	59
Other business and administration staff	547
Total	3,265

Education Background	
Category	Number of Staff (Headcount)
Doctoral Degree	37
Master's Degree	1,441
Bachelor's Degree	1,621
College Degree and below	166
Total	3,265

Section 7 Information of Directors, Supervisors, Senior Management and Staff

(II) Staff Remuneration and Welfare Policy

The Company adheres to the core principles of prudent operation and sustainable development, embedding the cultural concepts of “compliance, integrity, professionalism, and stability” into its remuneration management system. This ensures that employee compensation is closely linked to the Company’s economic performance, compliance and risk control effectiveness, and performance of their positions. The remuneration structure for the Company’s employees consists of fixed salary, performance bonuses, insurance benefits, and allowances. The Company is constantly committed to optimising and refining its salary system. Fixed salary is determined by considering the importance of the employee’s position, their level of professional expertise, their value contribution, and current market remuneration trends, ensuring remuneration’s competitiveness and reasonableness. Performance bonuses are not only closely tied to the Company’s annual operating performance but also deeply linked to the implementation of compliance and risk control, reflecting a value orientation that emphasizes both performance and responsibility. Within the scope authorized by the Board, the distribution of performance bonuses will integrate multiple factors, including departmental performance, individual performance, compliance practice, risk control, honesty in practice, professional ethics, and the building of corporate culture, striving to achieve a scientific, comprehensive, and fair incentive mechanism. The Company steadfastly complies with relevant laws and regulations, and strictly implements deferred remuneration policies, ensuring the compliance of compensation arrangements while maximizing long-term incentive effects.

The Company has always concerned about the physical and mental health and well-being of its employees, and constantly improved the welfare protection system. In strict compliance with national laws and regulations, the Company ensures timely and full payment of all statutory social insurance and housing provident fund contributions for employees. Additionally, it offers benefits such as corporate annuity plan and supplementary medical insurance, further enhancing the employee security system and fostering a warm and harmonious work and living environment.

(III) Gender Diversity of the Employees

The Company attaches great importance to the gender diversity of employees. As of the end of the Reporting Period, the proportions of male employees and female employees (including senior management) of the Company were 52.43% and 47.57% respectively, and the gender diversity of the employees (including senior management) of the Company has been achieved. The Company will continue to implement measures to support gender diversity of employees.

Section 8 Corporate Governance Report

The Company has adopted various policies to ensure compliance with the code provisions in force of CG Code under Appendix C1 of the Listing Rules.

I. Corporate Governance Overview

As a company with its A Shares listed in the PRC and its H Shares listed in Hong Kong, the Company has operated in strict compliance with laws, regulations and normative documents at the places of listing, and kept committed to maintaining and improving its sound social image. The Company adheres to the business philosophy of “honesty, stability, openness and innovation” and the core value of “All for You” to better serve the real economy and social wealth management, actively fulfills corporate social responsibility, incorporates culture building into the Company's Articles of Association and corporate governance, protects the legitimate rights and interests of investors and seeks to maximize the long-term interests of shareholders. Pursuant to the Company Law, the Securities Law and other applicable laws, regulations and regulatory provisions, the Company has formed a corporate governance structure under which the General Meeting, Board, Supervisory Committee, and the management have their powers separated for checks and balances and perform their respective duties, so as to ensure regulated operation of the Company. The convening and voting procedures for General Meetings and meetings of the Board and Supervisory Committee are legal and valid; the information disclosed by the Company is true, accurate and complete and is disclosed in time; the management of investor relations is efficient and practical; and the corporate governance is based on scientific, rigorous and normative procedures. As at the end of the Reporting Period, the Company has strictly complied with the CG Code, complied with other code provisions and principles in force other than certain code provisions mentioned below and satisfied with the requirements for most of the code provisions and recommended best practices specified in Part 2 of the CG Code.

II. General Meetings, Board Meetings, Supervisory Committee Meetings and Resolutions during the Reporting Period

During the Reporting Period, the Company convened the annual general meeting for the year 2023, the first extraordinary general meeting for the year 2024, the first A shareholders' class meeting for the year 2024, the first H shareholders' class meeting for the year 2024, the second extraordinary general meeting for the year 2024, seven Board meetings and seven Supervisory Committee meetings.

Section 8 Corporate Governance Report

(I) General Meetings

1. The annual general meeting for the year 2023 was convened on 19 June 2024, which considered and approved the followings: Work Report of the Board of Directors for the Year 2023 (《2023年度董事會工作報告》), Work Report of the Supervisory Committee for the Year 2023 (《2023年度監事會工作報告》), Duty Report of the Independent Directors for the Year 2023 (《2023年度獨立董事述職報告》), Annual Report for the Year 2023 (《2023年年度報告》), Final Accounts Report for the Year 2023 (《2023年度財務決算報告》), Profit Distribution Plan for the Year 2023 (《2023年度利潤分配方案》), Resolution on the Change of Audit Institutions for the Year 2024 (《關於改聘2024年度審計機構的議案》), Resolution on the Duty Performance Assessment and Remuneration of Directors for the Year 2023 (《2023年度董事履職考核及薪酬情況的議案》), Resolution on the Duty Performance Assessment and Remuneration of Supervisors for the Year 2023 (《2023年度監事履職考核及薪酬情況的議案》), Resolution on the Proprietary Business Scale of the Company for the Year 2024 (《關於公司2024年自營業務規模的議案》), Resolution on the Estimated Ordinary Related Party Transactions of the Company for the Year 2024 (《關於預計公司2024年度日常關聯交易的議案》), Resolution on the Change of Supervisor (《關於變更監事的議案》) and Resolution on the Amendments to the Articles of Association and its Attachment (《關於修訂<公司章程>及其附件的議案》).

Section 8 Corporate Governance Report

2. The first extraordinary general meeting for the year 2024 was convened on 4 September 2024, which considered and approved the followings: Resolution on the Fulfilment of the Conditions by the Company for Acquisition of Assets by Issuing Shares and Raising Supporting Funds (《關於公司符合發行股份購買資產並募集配套資金條件的議案》), Resolution on the Adjusted Proposal for Acquisition of Assets by Issuing Shares and Raising Supporting Funds and Related Party Transaction (《關於發行股份購買資產並募集配套資金暨關聯交易方案(調整後)的議案》), Resolution on the Reorganisation Constituting a Related Party Transaction (《關於本次重組構成關聯交易的議案》), Resolution on the Report on Acquisition of Assets by Issuing Shares and Raising Supporting Funds by Guolian Securities Co., Ltd. and Related Party Transaction (Draft) and its Summary (《關於<國聯證券股份有限公司發行股份購買資產並募集配套資金暨關聯交易報告書(草案)>及其摘要的議案》), Resolution on the Execution of the Transaction Agreement with Effective Conditions (《關於簽署附生效條件的交易協議的議案》), Resolution on the Approval of the Pro Forma Review Report, Audit Report and Valuation Report in Relation to the Reorganisation (《關於批准本次重組相關備考審閱報告、審計報告及評估報告的議案》), Resolution on the Independence of the Valuation Institution, the Reasonableness of the Premise of the Valuation Assumptions, the Relevance of the Valuation Approaches to the Valuation Purpose and the Fairness of the Appraisal Value (《關於評估機構的獨立性、評估假設前提的合理性、評估方法與評估目的的相關性以及評估定價的公允性的議案》), Resolution on the Transactions Constituting a Major Assets Reorganisation but not a Reorganisation for Listing (《關於本次交易構成重大資產重組但不構成重組上市的議案》), Resolution on the Compliance of the Reorganisation of the Company with the Requirements of Articles 11 and 43 of the Administrative Measures for Major Assets Reorganisation of Listed Companies (《關於公司本次重組符合<上市公司重大資產重組管理辦法>第十一條和第四十三條規定的議案》), Resolution on the Compliance of the Reorganisation with Article 4 of Guidelines No. 9 on Supervision for Listed Companies – Regulatory Requirements for Listed Companies Planning and Implementing Major Assets Reorganisation (《關於本次重組符合<上市公司監管指引第9號—上市公司籌劃和實施重大資產重組的監管要求>第四條規定的議案》), Resolution on the Compliance of the Reorganisation with Article 11 of the Administrative Measures for the Issuance and Registration of Securities by Listed Companies (《關於本次重組符合<上市公司證券發行註冊管理辦法>第十一條規定的議案》), Resolution on the Report on the Use of Proceeds Previously Raised by the Company (《關於公司前次募集資金使用情況的報告的議案》), Resolution on the Remedial Measures and Undertakings in Respect of the Dilution of Current Returns of the Reorganisation (《關於本次重組攤薄即期回報的填補措施及承諾事項的議案》) and Resolution on Proposing at the Shareholders' Meeting to Authorize the Board and its Authorized Person(s) to Deal with Matters Relating to the Major Assets Reorganisation (《關於提請股東大會授權董事會及其授權人士辦理本次重大資產重組相關事宜的議案》).

Section 8 Corporate Governance Report

3. The first A shareholders' class meeting for the year 2024 was convened on 4 September 2024, which considered and approved the followings: Resolution on the Adjusted Proposal for Acquisition of Assets by Issuing Shares and Raising Supporting Funds and Related Party Transaction (《關於發行股份購買資產並募集配套資金暨關聯交易方案(調整後)的議案》), Resolution on the Execution of the Transaction Agreement with Effective Conditions (《關於簽署附生效條件的交易協議的議案》) and Resolution on Proposing at the Shareholders' Meeting to Authorize the Board and its Authorized Person(s) to Deal with Matters Relating to the Major Assets Reorganisation (《關於提請股東大會授權董事會及其授權人士辦理本次重大資產重組相關事宜的議案》).
4. The first H shareholders' class meeting for the year 2024 was convened on 4 September 2024, which considered and approved the followings: Resolution on the Adjusted Proposal for Acquisition of Assets by Issuing Shares and Raising Supporting Funds and Related Party Transaction (《關於發行股份購買資產並募集配套資金暨關聯交易方案(調整後)的議案》), Resolution on the Execution of the Transaction Agreement with Effective Conditions (《關於簽署附生效條件的交易協議的議案》) and Resolution on Proposing at the Shareholders' Meeting to Authorize the Board and its Authorized Person(s) to Deal with Matters Relating to the Major Assets Reorganisation (《關於提請股東大會授權董事會及其授權人士辦理本次重大資產重組相關事宜的議案》).
5. The second extraordinary general meeting for the year 2024 was convened on 31 December 2024, which considered and approved the followings: Resolution on the Amendments to the Policy on the Management of Proceeds of Guolian Securities Co., Ltd. (《關於修訂<國聯證券股份有限公司募集資金管理制度>的議案》) and Resolution on the Election of Independent Non-executive Director for the Fifth Session of the Board of the Company (《關於選舉公司第五屆董事會獨立非執行董事的議案》).

Section 8 Corporate Governance Report

(II) Board Meetings

1. The fourteenth meeting of the fifth session of the Board was convened on 26 March 2024, which considered and approved the followings: Work Report of the Board of Directors for the Year 2023 (《2023年度董事會工作報告》), Work Report of the President for the Year 2023 (《2023年度總裁工作報告》), Annual Report for the Year 2023 (《2023年年度報告》), Report on Duty Performance of Audit Committee of the Board for the Year 2023 (《董事會審計委員會2023年度履職情況報告》), Duty Report of the Independent Directors for the Year 2023 (《2023年度獨立董事述職報告》), Resolution on the Duty Performance Assessment and Remuneration of Directors for the Year 2023 (《2023年度董事履職考核及薪酬情況的議案》), Resolution on the Duty Performance Assessment and Remuneration of Senior Management for the Year 2023 (《2023年度高級管理人員履職考核及薪酬情況的議案》), Assessment Report for the Compliance Director of the Board for the Year 2023 (《董事會關於2023年度合規總監的考核報告》), Social Responsibility and Environmental, Social and Governance Report for the Year 2023 (《2023年度社會責任暨環境、社會及管治報告》), Resolution on the Estimated Ordinary Related Party Transactions of the Company for the Year 2024 (《關於預計公司2024年度日常關聯交易的議案》), Final Accounts Report for the Year 2023 (《2023年度財務決算報告》), Profit Distribution Proposal for the Year 2023 (《2023年度利潤分配預案》), Resolution on the Change of Audit Institutions for the Year 2024 (《關於改聘2024年度審計機構的議案》), Report on the Assessment of the Performance of the Accounting Firm by the Company for the Year 2023 (《公司對會計師事務所2023年度履職情況評估報告》), Report of the Audit Committee of the Board on the Performance of Supervisory Duties by the Accounting Firm for the Year 2023 (《董事會審計委員會對會計師事務所2023年度履行監督職責情況報告》), Report on Comprehensive Risk Management for the Year 2023 (《2023年度全面風險管理報告》), Risk Preference and Risk Tolerance for the Year 2024 (《2024年風險偏好及風險容忍度》), Resolution on the Proprietary Business Scale of the Company for the Year 2024 (《關於公司2024年自營業務規模的議案》), Report on the Compliance Management for the Year 2023 (《2023年度合規管理工作報告》), Report on Anti-Money Laundering for the Year 2023 (《2023年度反洗錢工作報告》), Internal Control Evaluation Report for the Year 2023 (《2023年度內部控制評價報告》), Resolution on the Proposal for Considering the Special Audit Report on Major Related Party Transactions of the Company for the Year 2023 (《關於提請審議公司2023年度重大關聯交易專項審計報告的議案》), Resolution on the Consideration of the Special Report on Information Technology Management for the Year 2023 (《關於審議<2023年度信息技術管理專項報告>的議案》), Resolution on the Consideration of the Annual Report on Network and Information Security Management for the Year 2023 (《關於審議<2023年度網絡和信息安全管理年報>的議案》), Resolution on the Convening of Annual General Meeting for the Year 2023 (《關於召開2023年度股東大會的議案》), Resolution on the Amendments to the Articles of Association and its Attachment (《關於修訂<公司章程>及其附件的議案》), Resolution on the Amendments to the Independent Director System (《關於修訂<獨立董事制度>的議案》), Resolution on the Amendments to the Detailed Rules of Secretary to the Board (《關於修訂<董事會秘書工作細則>的議案》), Resolution on the Amendments to the Rules of Procedures of the Audit Committee of the Board (《關於修訂董事會審計委員會議事規則的議案》), Resolution on the Amendments to the Rules of Procedures of the Remuneration and Nomination Committee of the Board (《關於修訂董事會薪酬及提名委員會議事規則的議案》), Resolution on the Amendments to the Management System of Subsidiaries (《關於修訂<子公司管理制度>的議案》) and Resolution on De-registration of Two Securities Branches (《關於撤銷2家證券營業部的議案》).

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2. The fifteenth meeting of the fifth session of the Board was convened on 29 April 2024, which considered and approved the followings: 2024 First Quarterly Report of Guolian Securities Co., Ltd. (《國聯證券股份有限公司2024年第一季度報告》), Resolution on the Amendments to the Rules of Procedures of the Risk Control Committee of the Board (《關於修訂董事會風險控制委員會議事規則的議案》), Resolution on the Change of Name of the Strategy Committee of the Board and the Amendments to the Rules of Procedures of the Committee (《關於董事會戰略委員會更名及修訂委員會議事規則的議案》) and Resolution on the Establishment of Qingdao Branch (《關於設立青島分公司的議案》).
3. The sixteenth meeting of the fifth session of the Board was convened on 14 May 2024, which considered and approved the followings: Resolution on the Fulfilment of the Conditions by the Company for Acquisition of Assets by Issuing Shares and Raising Supporting Funds (《關於公司符合發行股份購買資產並募集配套資金條件的議案》), Resolution on the Proposal for Acquisition of Assets by Issuing Shares and Raising Supporting Funds and Related Party Transaction (《關於發行股份購買資產並募集配套資金暨關聯交易方案的議案》), Resolution on the Plan for Acquisition of Assets by Issuing Shares and Raising Supporting Funds by Guolian Securities Co., Ltd. and Related Party Transaction and its Summary (《關於〈國聯證券股份有限公司發行股份購買資產並募集配套資金暨關聯交易預案〉及其摘要的議案》), Resolution on the Execution of the Transaction Framework Agreement with Effective Conditions (《關於簽署附生效條件的交易框架協議的議案》), Resolution on the Reorganisation Constituting a Related Party Transaction (《關於本次重組構成關聯交易的議案》), Resolution on the Transactions Expected to Constitute a Major Assets Reorganisation but not a Reorganisation for Listing (《關於本次交易預計構成重大資產重組但不構成重組上市的議案》), Resolution on the Compliance of the Reorganisation of the Company with the Requirements of Articles 11 and 43 of the Administrative Measures for Major Assets Reorganisation of Listed Companies (《關於公司本次重組符合〈上市公司重大資產重組管理辦法〉第十一條和第四十三條規定的議案》), Resolution on the Compliance of the Reorganisation with Article 4 of Guidelines No. 9 on Supervision for Listed Companies – Regulatory Requirements for Listed Companies Planning and Implementing Major Assets Reorganisation (《關於本次重組符合〈上市公司監管指引第9號—上市公司籌劃和實施重大資產重組的監管要求〉第四條規定的議案》), Resolution on the Fluctuation of the Company's Share Price for the 20 Trading Days Prior to the Announcement of the Information on the Reorganisation (《關於本次重組信息公佈前20個交易日公司股票價格波動情況的議案》), Resolution on the Circumstances Under Which the Relevant Entities of the Reorganisation are not Precluded from Participating in the Major Asset Reorganisation of Any Listed Company (《關於本次重組相關主體不存在不得參與任何上市公司重大資產重組情形的議案》), Resolution on the Compliance of the Reorganisation with Article 11 of the Administrative Measures for the Issuance and Registration of Securities by Listed Companies (《關於本次重組符合〈上市公司證券發行註冊管理辦法〉第十一條規定的議案》), Resolution on the Purchase and Sale of Assets within 12 Months Prior to the Reorganisation (《關於本次重組前12個月內購買、出售資產情況的議案》), Resolution on the Confidentiality Measures and the Confidentiality System Adopted in the Reorganisation (《關於本次重組採取的保密措施及保密制度的議案》), Resolution on the Completeness and Compliance of the Statutory Procedures and the Validity of the Legal Documents Submitted in Connection with the Reorganisation (《關於本次重組履行法定程序的完備性、合規性及提交法律文件有效性的議案》), Resolution on Proposing at the Shareholders' Meeting to Authorize the Board and its Authorized Person(s) to Deal with Matters Relating to the Major Assets Reorganisation (《關於提請股東大會授權董事會及其授權人士辦理本次重大資產重組相關事宜的議案》) and Resolution on the Suspension of Convening of a General Meeting for Consideration of Matters Relating to the Reorganisation (《關於暫不召集股東大會審議本次重組相關事項的議案》).

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4. The seventeenth meeting of the fifth session of the Board was convened on 8 August 2024, which considered and approved the followings: Resolution on the Fulfilment of the Conditions by the Company for Acquisition of Assets by Issuing Shares and Raising Supporting Funds (《關於公司符合發行股份購買資產並募集配套資金條件的議案》), Resolution on the Adjusted Proposal for Acquisition of Assets by Issuing Shares and Raising Supporting Funds and Related Party Transaction (《關於發行股份購買資產並募集配套資金暨關聯交易方案(調整後)的議案》), Resolution on the Adjustment to the Reorganisation Plan not Constituting a Material Adjustment to the Plan (《關於本次重組方案調整不構成方案重大調整的議案》), Resolution on the Reorganisation Constituting a Related Party Transaction (《關於本次重組構成關聯交易的議案》), Resolution on the Report on Acquisition of Assets by Issuing Shares and Raising Supporting Funds by Guolian Securities Co., Ltd. and Related Party Transaction (Draft) and its Summary (《關於<國聯證券股份有限公司發行股份購買資產並募集配套資金暨關聯交易報告書(草案)>及其摘要的議案》), Resolution on the Execution of the Transaction Agreement with Effective Conditions (《關於簽署附生效條件的交易協議的議案》), Resolution on the Approval of the Pro Forma Review Report, Audit Report and Valuation Report in Relation to the Reorganisation (《關於批准本次重組相關備考審閱報告、審計報告及評估報告的議案》), Resolution on the Independence of the Valuation Institution, the Reasonableness of the Premise of the Valuation Assumptions, the Relevance of the Valuation Approaches to the Valuation Purpose and the Fairness of the Appraisal Value (《關於評估機構的獨立性、評估假設前提的合理性、評估方法與評估目的的相關性以及評估定價的公允性的議案》), Resolution on the Transactions Constituting a Major Assets Reorganisation but not a Reorganisation for Listing (《關於本次交易構成重大資產重組但不構成重組上市的議案》), Resolution on the Compliance of the Reorganisation of the Company with the Requirements of Articles 11 and 43 of the Administrative Measures for Major Assets Reorganisation of Listed Companies (《關於公司本次重組符合<上市公司重大資產重組管理辦法>第十一條和第四十三條規定的議案》), Resolution on the Compliance of the Reorganisation with Article 4 of Guidelines No. 9 on Supervision for Listed Companies – Regulatory Requirements for Listed Companies Planning and Implementing Major Assets Reorganisation (《關於本次重組符合<上市公司監管指引第9號—上市公司籌劃和實施重大資產重組的監管要求>第四條規定的議案》), Resolution on the Circumstances Under Which the Relevant Entities of the Reorganisation are not Precluded from Participating in the Major Asset Reorganisation of Any Listed Company (《關於本次重組相關主體不存在不得參與任何上市公司重大資產重組情形的議案》), Resolution on the Compliance of the Reorganisation with Article 11 of the Administrative Measures for the Issuance and Registration of Securities by Listed Companies (《關於本次重組符合<上市公司證券發行註冊管理辦法>第十一條規定的議案》), Resolution on the Purchase and Sale of Assets within 12 Months Prior to the Reorganisation (《關於本次重組前12個月內購買、出售資產情況的議案》), Resolution on whether there is any Direct or Indirect Compensated Engagement of Other Third Party Organisations or Individuals in Connection with the Reorganisation (《關於本次重組是否存在直接或間接有償聘請其他第三方機構或個人的議案》), Resolution on the Report on the Use of Proceeds Previously Raised by the Company (《關於公司前次募集資金使用情況的報告的議案》), Resolution on the Remedial Measures and Undertakings in Respect of the Dilution of Current Returns of the Reorganisation (《關於本次重組攤薄即期回報的填補措施及承諾事項的議案》), Resolution on the Confidentiality Measures and the Confidentiality System Adopted in the Reorganisation (《關於本次重組採取的保密措施及保密制度的議案》), Resolution on the Completeness and Compliance of the Statutory Procedures and the Validity of the Legal Documents Submitted in Connection with the Reorganisation (《關於本次重組履行法定程序的完備性、合規性及提交法律文件有效性的議案》), Resolution on Proposing at the Shareholders' Meeting to Authorize the Board and its Authorized Person(s) to Deal with Matters Relating to the Major Assets Reorganisation (《關於提請股東大會授權董事會及其授權人士辦理本次重大資產重組相關事宜的議案》) and Resolution on Convening of a General Meeting for Consideration of Matters Relating to the Reorganisation (《關於召開股東大會審議本次重組相關事項的議案》).

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5. The eighteenth meeting of the fifth session of the Board was convened on 30 August 2024, which considered and approved the followings: 2024 Interim Report of Guolian Securities Co., Ltd. (《國聯證券股份有限公司2024年半年度報告》), Resolution on the Consideration of 2024 Interim Report on Comprehensive Risk Management of Guolian Securities Co., Ltd. (《關於審議〈國聯證券股份有限公司2024年度中期全面風險管理報告〉的議案》), Resolution on De-registration of One Securities Branch (《關於撤銷1家證券營業部的議案》), Resolution on De-registration of Asset Management Department, Public-offered Business Department and International Business Department (《關於撤銷資產管理部、公募業務部和國際業務部的議案》) and Resolution on the Programme of Public Welfare Activities for the Year 2024 (《關於2024年公益活動方案的議案》).
6. The nineteenth meeting of the fifth session of the Board was convened on 30 October 2024, which considered and approved the followings: 2024 Third Quarterly Report of Guolian Securities Co., Ltd. (《國聯證券股份有限公司2024年第三季度報告》), Resolution on the Amendments to the Policy on the Management of Proceeds of Guolian Securities Co., Ltd. (《關於修訂〈國聯證券股份有限公司募集資金管理制度〉的議案》) and Resolution on De-registration of Beijing Zhongguancun East Road Securities Branch and Other Branches (《關於撤銷北京中關村東路證券營業部等分支機構的議案》).
7. The twentieth meeting of the fifth session of the Board was convened on 22 November 2024, which considered and approved the followings: Resolution on the Nomination of Candidates for Independent Directors for the Fifth Session of the Board of the Company (《關於提名公司第五屆董事會獨立董事候選人的議案》) and Resolution on the Convening of the Second Extraordinary General Meeting for the Year 2024 (《關於召開2024年第二次臨時股東大會的議案》).

(III) Supervisory Committee Meetings

1. The tenth meeting of the fifth session of the Supervisory Committee was convened on 26 March 2024, which considered and approved the followings: Annual Report for the Year 2023 (《2023年年度報告》), Social Responsibility and Environmental, Social and Governance Report for the Year 2023 (《2023年度社會責任暨環境、社會及管治報告》), Resolution on the Estimated Ordinary Related Party Transactions of the Company for the Year 2024 (《關於預計公司2024年度日常關聯交易的議案》), Final Accounts Report for the Year 2023 (《2023年度財務決算報告》), Profit Distribution Proposal for the Year 2023 (《2023年度利潤分配預案》), Report on Comprehensive Risk Management for the Year 2023 (《2023年度全面風險管理報告》), Report on the Compliance Management for the Year 2023 (《2023年度合規管理工作報告》), Report on Anti-Money Laundering for the Year 2023 (《2023年度反洗錢工作報告》), Internal Control Evaluation Report for the Year 2023 (《2023年度內部控制評價報告》), Resolution on the Proposal for Considering the Special Audit Report on Major Related Party Transactions of the Company for the Year 2023 (《關於提請審議公司2023年度重大關聯交易專項審計報告的議案》), Work Report of the Supervisory Committee for the Year 2023 (《2023年度監事會工作報告》) and Resolution on the Duty Performance Assessment and Remuneration of Supervisors for the Year 2023 (《2023年度監事履職考核及薪酬情況的議案》), and received the Report on the Work of Internal Audit for the Year 2023 (《2023年內部稽核審計工作情況報告》).

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2. The eleventh meeting of the fifth session of the Supervisory Committee was convened on 29 April 2024, which considered and approved the followings: 2024 First Quarterly Report of Guolian Securities Co., Ltd. (《國聯證券股份有限公司2024年第一季度報告》) and Resolution on the Change of Supervisors and Nomination of Candidates for Supervisors (《關於變更監事暨提名監事候選人的議案》).
3. The twelfth meeting of the fifth session of the Supervisory Committee was convened on 14 May 2024, which considered and approved the followings: Resolution on the Fulfilment of the Conditions by the Company for Acquisition of Assets by Issuing Shares and Raising Supporting Funds (《關於公司符合發行股份購買資產並募集配套資金條件的議案》), Resolution on the Proposal for Acquisition of Assets by Issuing Shares and Raising Supporting Funds and Related Party Transaction (《關於發行股份購買資產並募集配套資金暨關聯交易方案的議案》), Resolution on the Plan for Acquisition of Assets by Issuing Shares and Raising Supporting Funds by Guolian Securities Co., Ltd. and Related Party Transaction and its Summary (《關於<國聯證券股份有限公司發行股份購買資產並募集配套資金暨關聯交易預案>及其摘要的議案》), Resolution on the Execution of the Transaction Framework Agreement with Effective Conditions (《關於簽署附生效條件的交易框架協議的議案》) and Resolution on the Reorganisation Constituting a Related Party Transaction (《關於本次重組構成關聯交易的議案》).
4. The thirteenth meeting of the fifth session of the Supervisory Committee was convened on 19 June 2024, which considered and approved the following: Resolution on the Election of Ms. Xue Chunfang as Chairman of the Supervisory Committee of the Company (《關於選舉薛春芳女士為公司監事會主席的議案》).
5. The fourteenth meeting of the fifth session of the Supervisory Committee was convened on 8 August 2024, which considered and approved the followings: Resolution on the Fulfilment of the Conditions by the Company for Acquisition of Assets by Issuing Shares and Raising Supporting Funds (《關於公司符合發行股份購買資產並募集配套資金條件的議案》), Resolution on the Adjusted Proposal for Acquisition of Assets by Issuing Shares and Raising Supporting Funds and Related Party Transaction (《關於發行股份購買資產並募集配套資金暨關聯交易方案(調整後)的議案》), Resolution on the Adjustment to the Reorganisation Plan not Constituting a Material Adjustment to the Plan (《關於本次重組方案調整不構成方案重大調整的議案》), Resolution on the Reorganisation Constituting a Related Party Transaction (《關於本次重組構成關聯交易的議案》), Resolution on the Report on Acquisition of Assets by Issuing Shares and Raising Supporting Funds by Guolian Securities Co., Ltd. and Related Party Transaction (Draft) and its Summary (《關於<國聯證券股份有限公司發行股份購買資產並募集配套資金暨關聯交易報告書(草案)>及其摘要的議案》), Resolution on the Execution of the Transaction Agreement with Effective Conditions (《關於簽署附生效條件的交易協議的議案》), Resolution on the Approval of the Pro Forma Review Report, Audit Report and Valuation Report in Relation to the Reorganisation (《關於批准本次重組相關備考審閱報告、審計報告及評估報告的議案》), Resolution on the Independence of the Valuation Institution, the Reasonableness of the Premise of the Valuation Assumptions, the Relevance of the Valuation Approaches to the Valuation Purpose and the Fairness of the Appraisal Value (《關於評估機構的獨立性、評估假設前提的合理性、評估方法與評估目的的相关性以及評估定價的公允性的議案》), Resolution on the Report on the Use of Proceeds Previously Raised by the Company (《關於公司前次募集資金使用情況的報告的議案》) and Resolution on the Remedial Measures and Undertakings in Respect of the Dilution of Current Returns of the Reorganisation (《關於本次重組攤薄即期回報的填補措施及承諾事項的議案》).

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6. The fifteenth meeting of the fifth session of the Supervisory Committee was convened on 30 August 2024, which considered and approved the followings: 2024 Interim Report of Guolian Securities Co., Ltd. (《國聯證券股份有限公司2024年半年度報告》) and Resolution on the Consideration of 2024 Interim Report on Comprehensive Risk Management of Guolian Securities Co., Ltd. (《關於審議〈國聯證券股份有限公司2024年度中期全面風險管理報告〉的議案》).
7. The sixteenth meeting of the fifth session of the Supervisory Committee was convened on 30 October 2024, which considered and approved the following: 2024 Third Quarterly Report of Guolian Securities Co., Ltd. (《國聯證券股份有限公司2024年第三季度報告》).

III. Board of Directors

Composition of the Board

As at the end of the Reporting Period, the fifth session of the Board comprised nine Directors, including one executive Director, namely Mr. Ge Xiaobo (Chairman, President), five non-executive Directors, namely Mr. Hua Weirong, Mr. Zhou Weiping, Mr. Wu Weihua, Ms. Li Suo and Mr. Liu Hailin, and three independent non-executive Directors, namely Mr. Chu, Howard Ho Hwa, Mr. Gao Wei and Mr. Guo Chunming.

During the Reporting Period, as considered and approved by the Company at the second extraordinary general meeting for the year 2024 convened on 31 December 2024, Mr. Guo Chunming was elected as an independent non-executive Director of the Company for a term commencing from 31 December 2024 until the expiry of the term of office of the fifth session of the Board. Mr. Wu Xingyu ceased to perform his duties as an independent non-executive Director of the Company with effect from the same date.

All of the Directors possess the skills, experience and expertise either in the industry or relevant to the management of the business of the Company.

Section 8 Corporate Governance Report

(I) Chairman and President

Pursuant to Code Provision C.2.1 in Part 2 of the CG Code, the role of chairman and president should be segregated and should not be performed by the same individual. During the Reporting Period, Mr. Ge Xiaobo served as both the chairman and president of the Company, which enhanced the execution of the Company's development strategy and facilitated the communication between the Board and senior management, despite deviating from Code Provision C.2.1 in Part 2 of the CG Code, under the supervision of the Board which comprises of one executive Director, five non-executive Directors and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

(II) Non-executive Directors and Independent Non-executive Directors

As at the end of the Reporting Period, the Company had five non-executive Directors and three independent non-executive Directors. The Company entered into a service contract with each non-executive Director and independent non-executive Director for a term commencing from his/her appointment until the expiry of the term of office of the fifth session of the Board.

The Company confirmed that it had received annual confirmations issued by each independent non-executive Director in respect of their independence according to Rule 3.13 of the Listing Rules. The Company further confirmed the independence of the independent non-executive Directors.

(III) Relationship Between Board Members

None of the Directors, Supervisors and senior management of the Company has any relationship (including financial, business, family or other material/relevant relations) between each other.

(IV) Roles and Responsibilities of the Board

The Board is responsible for the leadership, control and promotion of success of the Company by directing and supervising its business operations in the interests of the shareholders through the ways of formulating strategic directions and monitoring the financial and management performance of the Company.

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(V) Respective Duties of the Board and the Management

The powers and duties of the Board and the management have been clearly specified to ensure adequate check and balance for sound corporate governance and internal control. The Board is primarily responsible for the following duties: convening a General Meeting, and reporting work thereon; implementing the resolutions of the General Meeting; resolving on the Company's business plans and investment plans; formulating the Company's annual financial budget plan and final account plan; formulating the Company's profit distribution proposal and loss recovery proposal; formulating proposals for the increase or reduction of the Company's registered capital and for the issuance and listing of the debentures or other securities; drawing up plans for any substantial acquisition, re-purchasing the shares of the Company; developing plans for the merger, division, transformation and dissolution of the Company; deciding the Company's foreign investment, acquisition and sale of assets, pledge of assets, entrusted wealth management, related transactions and other matters within the scope of authorization of the General Meeting; deciding on the setup of the Company's internal management bodies and branches; appointing or removing the Company's president, Secretary to the Board, chief compliance officer, the chief risk officer according to the nomination by the chairman; appointing or removing the Company's vice president, chief financial officer, chief information officer and personnel actually performing the above duties according to the nomination by the president and determining their remunerations, incentives and punishments; formulating the basic management system of the Company, etc.

The management is primarily responsible for organizing the implementation of the production, operation and management works of the Company, organizing the implementation of the resolutions of the Board and reporting work to the Board; organizing the implementation of the Company's annual business plans and investment plans; formulating the Company's specific rules; proposing wages, benefits, incentives and punishments for the Company's employees; and determining the appointment and dismissal of the Company's employees, etc.

The Company has formulated internal policies (including but not limited to the Articles of Association, the Rules of Procedures of the Board and the Rules of Procedures of each Board Committee) to ensure that the Board has access to independent views and opinions. These policies cover the Company's procedures and selection criteria for the election and appointment of Directors (including independent non-executive Directors), the abstention mechanism for voting on relevant resolutions of the Board by related Directors, and the special authorities of the independent appointment of external audit institutions and consulting agencies by independent Directors, etc. Upon reviewing the implementation of the aforesaid mechanisms, the Board considers that the aforesaid mechanisms are able to effectively ensure that the Board is provided with independent views and opinions.

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(VI) Directors' Performance during the Reporting Period

1. Directors' attendance at the meetings

The attendance of Directors at the meetings during the year is set out below:

Name of Directors	Meetings attended/held during the term of office							General Meetings Attendance Rate
	Board		Audit Committee	Remuneration and Nomination Committee		Risk Control Committee	Strategy and ESG Committee	
	Attendance	Rate		Committee	Committee	Committee	Committee	
Ge Xiaobo	7/7	100%	N/A	N/A	5/5	4/4	5/5	100%
Hua Weirong	7/7	100%	N/A	3/3	5/5	4/4	2/5	40%
Zhou Weiping	7/7	100%	N/A	N/A	5/5	4/4	5/5	100%
Wu Weihua	7/7	100%	N/A	N/A	N/A	4/4	5/5	100%
Li Suo	7/7	100%	N/A	N/A	N/A	N/A	5/5	100%
Liu Hailin	7/7	100%	N/A	N/A	5/5	N/A	5/5	100%
Wu Xingyu	7/7	100%	6/6	3/3	5/5	N/A	5/5	100%
Chu, Howard Ho Hwa	7/7	100%	6/6	N/A	N/A	4/4	5/5	100%
Gao Wei	7/7	100%	6/6	3/3	N/A	N/A	5/5	100%
Guo Chunming	0/0	N/A	0/0	0/0	0/0	N/A	0/0	N/A

- Notes:
1. Mr. Ge Xiaobo is the chairman of the Strategy and ESG Committee and the chairman of the Risk Control Committee.
 2. Mr. Gao Wei is the chairman of the Remuneration and Nomination Committee.
 3. Mr. Guo Chunming has been the chairman of the Audit Committee since 31 December 2024 and Mr. Wu Xingyu ceased to be the chairman of the Audit Committee.

2. Directors' Voting

The Directors agreed that, during the Reporting Period, they had not voted against or abstained from voting on all the resolutions of the Board and resolutions of committees in which they cast their votes.

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3. *Performance of Independent Non-executive Directors*

During the Reporting Period, the independent non-executive Directors of the Company complied with the relevant requirements under laws, regulations and the Articles of Association, and had adequate time and commitment to perform their duties. The independent non-executive Directors were not affected by the Substantial Shareholders of the Company and other interested units or individuals of the Company when making their independent judgements in the decision-making of the Company and did their best to protect the interest of the minority shareholders of the Company and exercised their duties and authorizations as independent non-executive Directors.

During the Reporting Period, the independent non-executive Directors did not object to any relevant matters of the Company.

After reviewing (a) the annual confirmation of the time commitment contributed by each Director; (b) the directorships and major commitments of each Director; and (c) the attendance rate of each Director at the Board meetings and the respective Board committee meetings as well as General Meetings, the Board is satisfied that all Directors have contributed sufficient time in performing their responsibilities during the year.

(VII) Insurance Coverage of Directors

The Company had arranged appropriate insurance coverage in relation to any legal actions which may arise against the Directors.

(VIII) Training for Directors

The Directors have confirmed that they had complied with Code Provision C.1.4 in Part 2 of the CG Code in relation to the training of Directors. During the Reporting Period and up to the date of this report, Mr. Ge Xiaobo, Mr. Gu Wei, Mr. Hua Weirong, Mr. Zhou Weiping, Mr. Wu Weihua, Mr. Yang Zhenxing, Ms. Li Suo, Mr. Liu Hailin, Mr. Wu Xingyu, Mr. Chu, Howard Ho Hwa, Mr. Gao Wei and Mr. Guo Chunming attended the guided training under the compliance operation of listed companies.

Mr. Guo Chunming, Mr. Gu Wei and Mr. Yang Zhenxing have confirmed that they have obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 31 December 2024, 6 February 2025 and 27 January 2025, respectively, and understand their responsibilities as Directors of the Company.

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(IX) Board Meetings and Procedures

During the Reporting Period, the Board convened a total of 7 Board meetings. The chairman of the Board convenes regular Board meetings and the notices of Board meetings shall be sent to all Directors in writing 10 working days before the meetings. A regular Board meeting does not include the practice of obtaining consent from the Board through circulating written resolutions.

The Directors may, before the meeting, inquire about the information needed for decision making from relevant persons or institutions such as the office of the Board, the convener of the meeting, the president and other senior management members, committees, accounting firm and law firm, or may, while the meeting is underway, suggest to the chairman of the meeting that the aforesaid persons or representatives of institutions to attend at the meeting to make relevant explanations, at the expense of the Company.

For a regular Board meeting, the Secretary to the Board (or the competent office of the Board) is responsible for collecting draft proposals, which shall be submitted by proponents 14 days before the date of the meeting together with explanatory materials. After summarising relevant materials, the Secretary to the Board shall submit the time, place and agenda of the Board meeting to the Chairman. Before giving the notice on convening a regular Board meeting, the Board of Directors Office shall fully consult all Directors to form the initial proposal and then submit it to the Chairman for finalizing the proposal. The Chairman, if necessary, shall consult the president and other senior management personnel before finalizing the proposal.

For a special meeting of the Board, it shall give a meeting notice in writing to all Directors 5 days before the meeting. When a special meeting needs to be held as early as possible in case of emergency, the meeting notice is allowed to be given by telephone or otherwise verbally at any time provided that the convener makes necessary explanations at the meeting.

When a Director and the legal persons and natural persons involved in the resolutions of the Board meeting have certain interests or connection, such Director shall not exercise his/her voting rights on such resolutions nor can he/she exercise any voting rights on behalf of other Directors. Such Board meeting may be held if it is attended by more than one half of the unconnected and uninterested Directors, and the resolutions of the Board meeting shall be passed by more than one half of the unconnected and uninterested Directors.

The Secretary to the Board shall arrange the Board of Directors Office staff to keep the minutes of the Board meeting. A Director present at the meeting shall have the right to require an explanatory note to be made in the minutes in respect of his speech at the meeting. The minutes of Board meeting shall be kept by the secretary to the Board as files of the Company in accordance with laws. The Secretary to the Board shall make the minutes of meetings openly available for inspection in any reasonable period of time by any Director, who has made a reasonable notice in respect thereto.

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IV. Supervisory Committee

(I) Supervisors' attendance at the meetings of the Supervisory Committee

Name of Supervisors	Number of meetings required to attend	Number of meetings attended
Xue Chunfang	4	4
Xu Kan	7	7
Xu Jingyan	7	7
Wu Lingyun	7	7
Zhou Min	7	7
Xu Faliang (resigned)	3	3

(II) During the Reporting Period, the Supervisory Committee of the Company had no objection to the matters supervised.

V. Board Committees

For the purpose of corporate governance, the corporate governance policies formulated by the Company shall state clearly that the Board is responsible for formulating and reviewing corporate governance policies and practices of the Company; reviewing and monitoring training and continuous professional development of the Directors and senior management of the Company; reviewing and monitoring policies and practices of the Company in compliance with laws and regulatory requirements; formulating, reviewing and monitoring the code of conduct and compliance manual for employees and the Directors of the Company; and reviewing the compliance by the Company with the CG Code as set out in Appendix C1 of the Listing Rules and the disclosures in the Corporate Governance Report.

To assist the Board in executing its duties and facilitate effective management, certain functions of the Board have been delegated by the Board to the Audit Committee, Remuneration and Nomination Committee, Strategy and ESG Committee and Risk Control Committee.

Clear written terms of reference of all the Board Committees are provided to respective members of these Committees. Details of the Board Committees are set out as follows:

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(I) Audit Committee

The Audit Committee comprises three non-executive Directors, namely Mr. Guo Chunming (chairman), Mr. Chu, Howard Ho Hwa and Mr. Gao Wei, being independent non-executive Directors.

The specific written terms of reference of the Audit Committee are available on the websites of Stock Exchange and the Company for reference. The main responsibilities of the Audit Committee are:

1. to make recommendations to the Board on the appointment, re-appointment and replacement of the external auditors, and to make recommendations to the Board on the service fee and terms of engagement of the external auditors;
2. to assess and monitor the external auditors' independence and objectivity, professionalism and the effectiveness of the audit process, and to discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences;
3. to develop and implement policy on non-audit services provided by the external auditors to the Company. The Audit Committee should report to the Board, identifying any matters where action or improvement is needed and making recommendations as to the steps to be taken;
4. to audit the Company's financial information and its disclosure. To monitor the completeness of the Company's financial statements, annual report and accounts, half-year report and quarterly reports, and to review significant financial reporting judgments contained in them.
5. to review the fairness of connected transactions and make disclosures in accordance with the listing rules and accounting standards;
6. to monitor and evaluate the effectiveness of financial controls and internal controls systems;
7. to discuss the internal control system with the management to ensure that the management has performed its duty to establish an effective internal control system; and
8. other responsibilities as required in the Rules of Procedures of the Audit Committee.

During the Reporting Period, the Audit Committee convened a total of 6 meetings. The Audit Committee mainly discussed and made recommendations to the Board in relation to the Company's financial reports, the engagement of audit institution, approval of connected transactions, monitoring of internal control, amendment of the committee's rules of procedures and major asset reorganisation of the Company, ensuring the integrity, transparency and consistency of financial reporting disclosures. At the same time, the Audit Committee also performed its duty on reviewing the 2024 annual results and performed other responsibilities as set out in the CG Code.

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(II) Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises three members, namely Mr. Gao Wei (chairman), Mr. Guo Chunming, being independent non-executive Directors and Mr. Gu Wei, being a non-executive Director.

The specific written terms of reference of the Remuneration and Nomination Committee are available on the websites of the Stock Exchange and the Company for reference. The main responsibilities of the Remuneration and Nomination Committee are:

1. to consult the chairman and/or chief executive officer about their remuneration proposals for other executive Directors;
2. to formulate and implement the performance appraisal system, remuneration policy, rewards and penalty incentives, and to make recommendations to the Board on the policy and structure for remuneration of all directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;
3. to formulate appraisal criteria for directors and senior management, to review the performance of the Company's directors and senior management and to conduct annual performance appraisals on them; and to consider the management's remuneration proposals in accordance with the Company's objectives as approved by the Board;
4. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. The remuneration packages should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
5. to review and/or approve matters relating to share schemes as referred to in Chapter 17 of the Hong Kong Listing Rules;
6. to review the structure, size and composition (including skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
7. to prepare criteria and procedures for the selection of directors and senior management and to make recommendations to the Board;
8. to recommend candidates for directors and senior management, to review the qualifications for appointment of the proposed candidates and to form a clear opinion on the review;

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9. to assess the independence of independent non-executive Directors of the Company;
10. to make recommendations to the Board on the appointment or re-appointment of Directors and succession plan for Directors, especially for chairman and chief executive officer; and
11. other responsibilities as required in the Rules of Procedures of the Remuneration and Nomination Committee.

During the Reporting Period, the Remuneration and Nomination Committee convened a total of 3 meetings. The Remuneration and Nomination Committee mainly discussed and made recommendations to the Board in relation to the performance appraisal plan and assessment report of senior management, amendment of the committee's rules of procedures and nomination of candidates for independent directors. For the Board diversity policy of the Company, please refer to the relevant contents in the 15th paragraph of this section.

(III) Strategy and ESG Committee

The Strategy and ESG Committee comprises five Directors, namely Mr. Ge Xiaobo (chairman), being an executive Director, Mr. Gu Wei, Mr. Zhou Weiping and Mr. Wu Weihua, being non-executive Directors, and Mr. Chu, Howard Ho Hwa, being an independent non-executive Director.

The specific written terms of reference of the Strategy and ESG Committee are available on the websites of Stock Exchange and the Company for reference. The main responsibilities of the Strategy Committee are:

1. to understand and keep abreast of the basic operation of the Company;
2. to study and keep abreast of the latest development of the domestic and international industries and relevant national policies;
3. to study and review the strategic development plans of the Company and to make recommendations to the Board;
4. to provide advice on major decisions such as major capital operation, major investment and financing, and major reforms of the Company;
5. to conduct research on the Company's ESG governance and provide advice on decision-making, including ESG governance vision, objectives, policies, ESG risks and major issues; and
6. other responsibilities as required in the Rules of Procedures of the Strategy and ESG Committee.

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To align with the Company's development strategy, further improve its corporate governance structure, and enhance its environmental, social, and governance (ESG) management standards, the Board has approved to change the name of the "Strategy Committee under the Board" to the "Strategy and ESG Committee under the Board". During the Reporting Period, the Strategy and ESG Committee convened a total of 4 meetings. The Strategy Committee mainly discussed and made recommendations to the Board in relation to the capital allocation, change of the committee's name and amendment of rules of procedures and major asset reorganisation of the Company.

(IV) Risk Control Committee

The Risk Control Committee comprises five Directors, namely Mr. Ge Xiaobo (chairman), being an executive Director, Mr. Gu Wei, Mr. Zhou Weiping, Mr. Liu Hailin, being non-executive Directors, and Mr. Guo Chunming, being an independent non-executive Director.

The specific written terms of reference of the Risk Control Committee are available on the websites of Stock Exchange and the Company for reference. The main responsibilities of the Risk Control Committee are:

1. to review and give opinion on the overall objectives and basic policies of compliance management and risk management;
2. to review and give opinion on the establishment of specific departments and their duties of compliance management and risk management;
3. to evaluate and give opinion on the risks of the major decisions required to be approved by the Board and solutions to solve such major risks;
4. to review and give opinion on regular compliance reports and risk evaluation reports required to be approved by the Board; and
5. to oversee the design, implementation and monitoring of the risk management system by the management, to discuss the risk management system with the management, to ensure that the management has performed its responsibilities to establish and maintain an effective system, and to ensure that the effectiveness of risk management system of the Company (including the Company's subsidiaries) is reviewed at least once a year, and to assess the Company's risk profile, risk control capability and the resources allocation of risk management;
6. to conduct research on its own initiative or as delegated by the Board on the findings of major investigations on risk management matters and management's response to the findings;
7. other responsibilities as required in the Rules of Procedures of the Risk Control Committee.

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During the Reporting Period, the Risk Control Committee convened a total of 5 meetings. The Risk Control Committee mainly discussed and made recommendations to the Board in relation to the amendment of the committee's rules of procedures, review of policies and practices and major asset reorganisation of the Company related to legal and regulatory requirements. At the same time, the Risk Control Committee also performed its duty on review of risk management, revision of the risk preference and improvement of the responsibilities of internal control system and internal audit function.

VI. Securities Transactions of Directors, Supervisors and Relevant Employees

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding Directors, Supervisors and relevant employees' securities transactions. Having made specific enquiries with all Directors, Supervisors and relevant employees, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code as of the end of the Reporting Period.

VII. Remuneration of Senior Management

For details of the emoluments of senior management as disclosed by the Company by remuneration range during the Reporting Period, please refer to section 7 "I. Changes in Shareholdings and Remuneration Information of Current and Resigned Directors, Supervisors and Senior Management during the Reporting Period" of this report.

VIII. Risk Management and Internal Control

The Board acknowledges its responsibility for maintaining and reviewing the effectiveness of the Company's risk management and internal control system. The risk management and internal control systems are implemented to minimize the risks to which the Company is exposed as much as possible and used as a management tool for the day-to-day operation of business. Those systems aim to manage rather than eliminate the risk of failing to achieve the business objectives and only provide reasonable but not absolute assurance of not having any material misrepresentation or losses. At the same time, the Audit Committee and the Risk Control Committee of the Company are responsible for its internal audit.

The management is primarily responsible for the design, implementation and maintenance of the risk management and internal control system to safeguard the shareholders' investment interests and assets of the Company. The management monitors the business activities closely and reviews the financial results of operations against budgets/forecast on a monthly basis. Proper controls are in place for the recording of complete, accurate and timely accounting and management information. Reviews and audits are carried out at least annually to ensure that the consolidated financial statements are prepared in accordance with generally accepted accounting principles, the Company's accounting policies and applicable laws and regulations.

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During the Reporting Period, the management conducted reviews on the effectiveness of the Company's risk management and internal control system with a view to identify any areas that need improvement. The approach of the review included conducting interviews with relevant management and staff members, reviewing relevant documentation of the risk management and internal control system and evaluating findings on any deficiencies in the design of the risk management and internal controls. The reviews covered major operating aspects of the business of the Company, including brokerage and wealth management business, assets management business, credit trading business and proprietary trading business of the Company and other operating segments. Proper management of risks, including credit risk, market risk, liquidity risk, operational risk, reputation risk and compliance risk, is also important to the business of the Company. The Company has implemented policies and procedures on these segments and continuous revisions on the relevant policies and procedures will be made from time to time. Monitoring of the internal control system and risk management mainly rests on Compliance and Legal Department, Risk Management Department and Auditing Department.

The Company has established related anti-fraudulent management system, which clearly states the concept and form of fraud, responsibility body and regular department, responsibility attribution, fraud prevention and control, and listed the critical information like whistleblowing hotline, whistleblowing mailbox, fraud whistleblowing, investigation, reporting process and remedial measures and punishment. The anti-fraudulent mainly rests on the Auditing Department, Compliance and Legal Department, the Party Committee office and other departments.

The Company has established related information disclosure management system, which clearly stated the basic principles of information disclosure, content, disclosure management procedures and confidentiality measures, etc. The system also explicitly defined the procedures of disclosing inside information and made the information that may need to be disclosed into written documents for relevant person in charge to review their truth, accuracy and completeness. Upon confirmation, the documents shall be submitted to the Secretary to the Board and the Company Secretary for further review as soon as possible. The information must be strictly confidential in the process. If the necessary confidentiality cannot be ensured, or the information has been leaked, public disclosure would be made in a timely manner. The Company appointed the Secretary to the Board and the Company Secretary to be responsible for the information disclosure of the Company, and the Board of Directors Office is the specific executive body responsible for the information disclosure of the Company.

The Company has established related party transaction management system, which clearly stated the definition of connected persons under the Listing Rules, as well as explained the definition and type of related party transactions under the Listing Rules. It standardized review and approval body for related party transactions, reporting process, auditing supervision, legal liability and punishment requirements. The Secretary to the Board of the Company shall be responsible for managing the files for related persons and collection, disclosure, reporting of Connected Transactions and their submission for approval. The Company Secretary shall assist the Secretary to the Board or, under delegation of the Secretary to the Board, to conduct related matters. The Board of Directors Office is the specific executive body.

The Company has established the relevant system for external investment, which clearly specifies the decision authority for external investment, daily management, transfer and recovery, major events reporting and information disclosure, etc. At the same time, the respective audit department of the Company will monitor and rectify investment projects according to their responsibilities and report the same to the project investment approval authority for discussion and handling.

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The Company has established the relevant system for external guarantee, which clearly specified the review and approval procedures for external guarantee object, management, information disclosure and the responsibilities of the person-in-charge, etc. At the same time, any department and person-in-charge involved in the guarantee issues of the Company has the obligation to report the external guarantee to the Secretary to the Board in a timely manner, and provides the documents required for information disclosure.

The Board and the Audit Committee have conducted a review on the effectiveness of risk management and internal control system of the Company. The review covered all significant supervision and control, including financial, operational and compliance controls, risk management functions, resources of the Company's accounting and financial reporting function, staff qualifications and experience, staff training programs and the adequacy of relevant budget. The Board considered that the Company's risk management and internal control system are effective and adequate.

IX. Communication with Shareholders

The General Meetings shall be the highest authority of the Company. All shareholders exercise their power through the General Meetings. The Company formulates Rules of Procedures of General Meeting to ensure the compliance of the convening and holding of General Meetings. The Company explicitly specifies shareholders' rights in the Articles of Association to ensure the rights of shareholders, especially the right to be informed of the minority shareholders. The Company treats all shareholders impartially.

There are persons specially designated for contacting with Shareholders. The Company attaches great importance to their opinions and suggestions and tries to meet their reasonable requests in time. The Company sets up "Investor Relations" column on its website www.glsc.com.cn for publishing such information as announcements and financial data of the Company. Shareholders can also call the Company directly to inquire about relevant information, and the Company will deal with such inquiry in a timely and proper manner.

The Company welcomes all Shareholders to attend General Meetings and facilitates their attendance to the range permitted. The Company's Directors, Supervisors and senior management will attend General Meetings. According to Code Provision F.2.2 in Part 2 of the CG Code, chairman and chairperson of the Audit Committee, Remuneration and Nomination Committee, and other committees of the Board shall attend the annual general meeting and answer questions at the meeting. The management of the Company shall ensure External Auditors to attend the annual general meeting and answer relevant questions put forward by Shareholders.

Upon implementing and reviewing the aforesaid measures, the Company considers that the existing shareholder communication policy is adequate and effective.

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X. Shareholders' Rights

The Company convenes and holds General Meetings strictly according to the Articles of Association and Rules of Procedures for General Meetings to guarantee the equal status and full exercise of rights for all Shareholders, especially the minority Shareholders. All of the Company's Directors, Supervisors and senior management shall attend General Meetings in accordance with Articles of Association and answer questions from shareholders.

Procedures of convening General Meetings and proposing resolutions at the General Meeting

Pursuant to the procedures set out in Article 9.08 of the Articles of Association which states that "Shareholder(s) severally or jointly holding more than 10% shares of the Company shall have the right to request the Board to convene an extraordinary General Meeting, and shall put forward such request to the Board in writing. The Board shall, pursuant to the relevant laws, administrative regulations and the Articles of Association, give a written reply stating its consent or rejection for the convening of the extraordinary General Meeting within 10 days after receiving the proposal. If the Board agrees to convene the extraordinary General Meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the Board. In the event of any change to the original proposal set forth in the notice, the consent of relevant shareholder(s) shall be obtained. If the Board does not agree to hold the extraordinary General Meeting or fails to give any reply within 10 days after receiving the proposal, shareholder(s) severally or jointly holding more than 10% shares of the Company shall be entitled to propose to the Supervisory Committee to convene an extraordinary General Meeting, and shall put forward such request to the Supervisory Committee in writing. If the Supervisory Committee agrees to convene the extraordinary General Meeting, it shall serve a notice of such meeting within 5 days after receiving the said request. In the event of any change to the original proposal set forth in the notice, the consent of relevant shareholder(s) shall be obtained. In the case of failure to issue the notice for the General Meeting within the stipulated term, the Supervisory Committee shall be deemed as failing to convene and preside over the General Meeting. As a result of its failure to do so, the shareholder(s) severally or jointly holding more than 10% shares of the Company for more than 90 consecutive days may convene and preside over such meeting by itself/themselves. All reasonable expenses incurred for such meeting convened by the shareholders as a result of the failure of the Board of Directors to convene a meeting as required by the above request(s) shall be borne by the Company and be set off against sums owed by the Company to the defaulting Directors." and Article 9.22 "Shareholder(s) severally or jointly holding more than 3% shares of the Company may submit written provisional proposals to the convener 10 days before a General Meeting is convened. The convener shall issue a supplementary notice of the General Meeting to give details of the provisional proposals within 2 days after the receipt thereof, and publish the contents of provisional proposals. Save as specified in the preceding paragraph, the convener shall not change the proposal set out in the notice of the General Meeting or add any new proposal after the said notice is served", the shareholders may convene an extraordinary General Meeting or shareholders' class meeting and propose resolutions at such General Meetings. The shareholders may attend General Meetings and exercise voting rights either in person or by proxy. The minutes together with the attendance record of shareholders and the powers of attorney of the proxies shall be kept at the Company's premises. Shareholders may have access to copies of the minutes free of charge during the office hours of the Company. The Articles of Association has been disclosed on the websites of the Company and the Stock Exchange. The Company encourages shareholders to attend the General Meeting, and make suggestions by the following ways: make direct questions with the Board and the Board committees on the matters in relation to operation and governance at the General Meetings, or submit the company secretary such suggestions by the following manners: (i) to deliver in writing with the address of office of the Company in the PRC: 12/F, No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC; Postal Code: 214000, or (ii) Email: glsc-ir@glsc.com.cn.

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XI. Amendments to the Articles of Association

During the Reporting Period, a round of amendments to the Articles of Association were made and were approved at the General Meeting held on 19 June 2024. Details of the amendments are stated in the circular published on the Company's website and the HKEXnews website of the Stock Exchange on 23 May 2024.

XII. Building of Corporate Culture

By adhering to the overall leadership of the Party, and closely focusing on the industry culture concepts of “compliance, integrity, professionalism and stability”, the Company inherits and promotes the essence of Guolian, which is “making constant efforts and positive progress to achieve innovation, forging ahead and never giving in to difficulties”, and takes “Acting” as the backbone to build a core of the culture brand, endowing new connotations of “integrity, stability, openness and innovation”, and forming the “Acting” culture brand system that integrates service, Party building and honesty.

During the Reporting Period, the Company continued to enhance its cultural brand building, strengthen its internal quality and build up its external image, forming a cultural brand image with distinctive values, aesthetic concepts and behavioural norms with recognition, and promoting the Company's cultural building to be more qualitative, efficient and energetic.

XIII. Investor Relationship

Dedicated to becoming an elite listed company in A-share and H-share capital markets, the Company has always given priority to continuous enhancement of Shareholders' value, paid high attention to investor relationship management, gradually established smooth two-way communication channels with investors and kept on improving the corporate governance structure. During the Reporting Period, the Company communicated with investors by ways of telephone calls, emails, receiving visitors and online briefing on results, and treated all investors equally to ensure that all Shareholders can fully exercise their rights.

During the Reporting Period, the Company disclosed information in a truthful, accurate, complete and timely manner in strict accordance with laws, regulations and regulatory provisions, to ensure that investors are able to know about the Company's material matters in time and thereby protecting their interests to the greatest extent.

XIV. Company Secretary

Mr. Wang Jie, the Secretary to the Board of the Company, is responsible for making recommendations to the Board for the corporate governance and ensuring the policies and procedures of the Board, applicable laws, rules and regulations are observed. In order to maintain sound corporate governance and comply with the Listing Rules and applicable Hong Kong laws, the company secretary of the Company assists Mr. Wang Jie in fulfilling the duties as the Secretary to the Board of the Company. Ms. Hui Yu (惠宇) and Ms. Zhang Xiao (張瀟) are the joint company secretaries. Ms. Zhang Xiao's primary contact person at the Company is Ms. Hui Yu. As required by Rule 3.29 of the Listing Rules, they have attended not less than 15 hours of relevant professional training as of the end of the Reporting Period.

Section 8 Corporate Governance Report

XV. Board Diversity Policy

The Company has adopted the Board diversity policy according to provisions of the CG Code. The Company's Board diversity policy can be summarized as follows: the Company recognizes the importance of Board diversity to corporate governance and the Board's effectiveness. The Board diversity policy established by the Company is to set out the basic principles to be followed to ensure that the members of the Board have the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effective operation of the Board and to maintain high standards of corporate governance. The nomination and appointments of members of the Board will continue to be made on a merit basis based on the Company's daily business needs from time to time while taking into account the benefits of Board diversity. Selection of the Board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, race, language, cultural background, educational background, industrial experience and professional experience. The Company offers advices to the Board in respect of the appointment or reappointment of Directors and the Director succession plans through the Remuneration and Nomination Committee, and the advice will take effect after being reviewed and passed by the Board and the General Meeting successively.

The following measurable objectives have been adopted for the implementation of the Board diversity policy: 1) election of Directors should be ensured irrespective of gender, age, cultural background and educational background, and the Board understands the particular importance of gender diversity and strives to increase gender diversity on the Board; 2) candidates for Directors should possess diverse industry experience; and 3) possessing of skills, knowledge and professional experience in different sectors. As of the end of the Reporting Period, these measurable objectives have been achieved.

As of the end of the Reporting Period, the composition of the Board of the Company was as follows:

Indicators	Unit	2024
By age group:		
50 or below	Employees	4
51-55	Employees	1
56-60	Employees	4
By gender:		
Male	Employees	8
Female	Employee	1
By types of Directors:		
Executive Directors	Employee	1
Non-executive Directors	Employees	5
Independent Non-executive Directors	Employees	3

Professional background of Directors covers finance, engineering, accounting, law, economics and other majors.

XVI. Responsibilities of Directors Concerning Financial Statements

The declarations of the responsibilities of Directors concerning financial statements set out hereinafter and the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” in the Independent Auditor’s Report of this report shall be read jointly. The declarations of the responsibilities of the same shall be understood severally.

All the Directors of the Company confirmed their responsibility of preparing the financial statements that can truly reflect the Company’s operating results for each financial year. To the knowledge of the Directors, no event or circumstance that may cause material adverse impact on the Company’s continuous operations needs to be reported.

XVII. Audit Committee

The Audit Committee of the Board of the Company has reviewed the annual results of the Company and the Group for the year 2024, as well as the audited consolidated financial statements for the year 2024 prepared in accordance with IFRS.

XVIII. Auditor’s Independence and Remuneration

The Audit Committee is mandated to review and monitor the independence of the auditors to ensure objectivity and effectiveness of the financial statements during the audit process in accordance with applicable standards. The Audit Committee was of the view that the Company’s auditor, SHINEWING (HK) CPA Limited is independent and made certain recommendations to the Board.

During the Reporting Period, SHINEWING (HK) CPA Limited has rendered services to the Company and the remuneration paid/payable by the Company to SHINEWING (HK) CPA Limited is set out as follows:

Service rendered	Fees paid/payable (in RMB ten thousand)
Audit services	29
Non-audit services	–
Review of the Interim Financial Report	16

Section 8 Corporate Governance Report

XIX. Other Matters

(I) Internal Control

1. Responsibility statement on internal control

It is the responsibility of the Board of the Company to establish a comprehensive and effectively implemented internal control, evaluate its effectiveness, and truthfully disclose the internal control evaluation reports in accordance with the requirements of the enterprise internal control regulated system. The Board, Supervisory Committee and Directors, Supervisors and senior management of the Company warrant that the contents of internal control report do not contain any false representation, misleading statement or material omission, and jointly and severally accept the legal responsibility regarding the truthfulness, accuracy and completeness of the content of the report.

2. Basis of establishment of internal control and development of internal control system

The Company emphasized the development of internal rules and regulations and management system. A comprehensive corporate internal control system has been established by the Company in accordance with the Company Law, Securities Law, Fundamental Norms on Enterprise Internal Control and its supporting guidance and the supervision requirements on internal control from CSRC, and the Company places the development of internal control throughout the operation and development of the Company, and adheres to the principles of giving priority to system procedures (制度流程先行) during the business operation, constantly perfect the internal control system, regulate system enforcement, enhance supervision and inspection and promote the continuous and sound development for the Company.

The Company has established an internal control system which covers environment control, business control, capital management and accounting control, information system control, human resources and remuneration management, compliance management and risk control. The internal control set up by the Company includes various mechanisms such as prior prevention, supervision when an incident occurred and post examination, which formed a comprehensive and systematic internal control system with check and balance among different internal positions in a department and different departments, and have independent supervision by the Compliance and Legal Department, Risk Management Department, and Auditing Department.

Section 8 Corporate Governance Report

3. Related information on the internal control auditing report

ShineWing Certified Public Accountants engaged by the Company has given an audit opinion on the effectiveness of the internal control over the financial reporting of the Company and issued the Internal Control Auditing Report of Guolian Minsheng Securities Company Limited (《國聯民生證券股份有限公司內部控制審計報告》), which is of the opinion that the Company has maintained effective internal control over financial reporting in all material aspects as of 31 December 2024 in accordance with the Fundamental Norms on Enterprise Internal Control and relevant regulations. The Company disclosed the Internal Control Evaluation Report for the Year 2024 of Guolian Minsheng Securities Company Limited (《國聯民生證券股份有限公司2024年度內部控制評價報告》) and the Internal Control Auditing Report of Guolian Minsheng Securities Company Limited (《國聯民生證券股份有限公司內部控制審計報告》) when disclosing this report, and there was no disagreement.

(II) Building of Compliance Management System and Compliance Inspection

1. Building of compliance management system

Under the leadership of the Board, the Company has established a compliance management framework system comprising four tiers, namely chief compliance officer, compliance management staff of the Compliance and Legal Department, as well as departments and branches.

The Board, Supervisory Committee and senior management of the Company attach importance to the compliance of the Company's operations, assume the responsibility of effectively managing corporate compliance risks, actively practice and promote a compliance culture, and promote the Company's compliance operations.

The compliance management system with the chief compliance officer as the core has an independent position in the corporate organizational system, and can independently perform compliance management functions without external interference from business departments and operating management.

Section 8 Corporate Governance Report

The chief compliance officer, a compliance head of the Company, is directly accountable to the Board, and is responsible for reviewing, supervising and examining the compliance of the operations, management and business activities carried out by the Company and its employees.

Under the leadership of the Board, the Company has established the Compliance and Legal Department, which is accountable to the chief compliance officer and assists in the specific work of the corporate compliance management. The main duties of the Compliance and Legal Department are to draft the basic system of compliance management and other compliance management system and compliance management policies of the Company, and urge and guide the implementation of such system by all subordinate entities. It provides compliance review opinions on internal regulations and systems, significant decisions, new products and new businesses programmes, and conduct compliance review on application documents or reports submitted to external parties as required. It carries out compliance inspections of various business operation and management departments, and monitor the practice conduct and securities investment activities of staff. It guides and supervises the relevant departments of the Company to deal with the complaints and reports on the conduct of the Company and the personnel of the Company violating the laws and regulations. It organizes and implements special compliance management working mechanisms such as information screening wall, related party transaction and conflict of interest management, anti-money laundering and abnormal transaction management, and monitor improper behaviors such as insider trading and market manipulation. It supervises the implementation of relevant measures such as protecting customers' rights, fair trading, maintaining market order, and preventing illegal securities activities. It assists the establishment of a compliance management organization system covering all subordinate entities of the Company, implements the compliance assessment of all subordinate entities and related personnel of the Company in accordance with regulations, and organizes the implementation of set-up, management and assessment of compliance management personnel. It provides compliance consulting for the senior management and all subordinate entities of the Company, and provides written responses to compliance consultations on important issues. It formulates the compliance management manual of the Company, organizes compliance training, urges and guides the implementation of the compliance promotion and training work of various departments, and facilitates the construction of the compliance culture of the Company.

The Company has appointed compliance management personnel in major business departments and in major branches. Under the guidance and supervision of the Compliance and Legal Department, the compliance management personnel of each department assist the heads of the departments to organize compliance management work such as compliance review, compliance inspection, compliance training, complaint handling and regulatory cooperation, and assume corresponding management responsibility. The number, proportion and qualifications of compliance management personnel were in compliance with the requirements of regulatory authorities.

Section 8 Corporate Governance Report

The Company has integrated subsidiaries at all levels into a unified compliance management system, implemented unified compliance management standards, and ensured the consistency of compliance culture. According to the regulations of CSRC and SAC, the subsidiaries have established compliance management departments or assigned full-time compliance management personnel. The Compliance and Legal Department of the Company is responsible for providing guidance on the compliance management of subsidiaries, reviewing the basic system of compliance management and some major issues of the subsidiaries, identifying the compliance management matters reported by the subsidiaries to the Company, and forming an information communication mechanism based on the regular reports and major events reports of the compliance management personnel of the subsidiaries, so as to guarantee the timeliness and completeness of information transmission and ensure that the compliance management of subsidiaries was in compliance with the requirements.

Moreover, the Compliance and Legal Department, Risk Management Department, Auditing Department and other functional management departments of the Company have established work coordination mechanisms, including laws and regulations tracking, reporting on changes in regulatory policies, sharing monitoring and early warning information, risk management coordination mechanisms, and joint inspection and evaluation mechanisms. Relevant departments cooperate with one another to perform their respective duties to prevent compliance risks.

2. Compliance inspection

The Compliance and Legal Department organized compliance inspections on business departments, branches and subsidiaries in accordance with supervision requirements and inspection plans. In 2024, the Compliance and Legal Department conducted compliance inspections on Research Institute, Asset Allocation Department, Fixed Income Department, Equity Derivatives Business Department, Guolian Capital, Hua Ying Securities and Guolian Chuangxin to name a few. It implemented special inspection on the compliance management work of the Company such as suitability management, fund investment advisory and online investment advisory. It implemented compliance inspections on branches such as Beijing Branch Office (北京分公司), Wuxi Branch Office (無錫分公司), Central Jiangsu Branch Office (蘇中分公司) and Fortune Direct Branch (財富直屬營業部). It implemented special inspections on anti-money laundering in branches such as Beijing Branch Office (北京分公司) and Hunan Branch Office (湖南分公司). Comments or suggestions regarding the problems identified during the inspection were put forward by the Compliance and Legal Department, which required the inspected department to conduct proactive rectification and give feedback and implement subsequent follow-up works.

As of the end of the Reporting Period, the Company's compliance management was operating effectively, and various businesses developed in a steady and orderly manner.

Section 8 Corporate Governance Report

(III) Working Information of the Auditing Department

In 2024, faced with the new situation and new requirements of the Company's development, the Auditing Department persisted in adopting a risk-oriented approach, closely monitored regulatory trends, adhered to bottom line, served overall interests, and embraced innovation while staying true to its core mission. By fulfilling its role as the "third line of defence" in auditing, it laid a solid foundation for the Company's steady and sustainable growth, safeguarding its business development. During the Reporting Period, the Company issued a total of 63 auditing reports under different aspects, of which, 25 were resignation audit reports, 27 were mandatory off-duty audit reports and 11 were special project inspections. The audit projects covered brokerage business, agency sales of financial products, investment banking business, equity proprietary business, information technology management, risk management, compliance management and internal control. The audit works were conducted through the combination approach of on-site audit and off-site audit, they can objectively reflect the conditions of implementing national laws and regulations, industry standards and corporate system of the auditee and also the operation management conditions. Regarding the problems and deficiencies discovered during audit, the department provides audit rectification measures and suggestions in time, and strives to urge the implementation of audit rectification issues, thereby promoting and supporting the regulated development of the different businesses of the Company.

Section 9 Environmental and Social Responsibility

I. Environmental Information

The Company is fully aware of its environmental responsibilities during the development process and abides by the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China, Solid Waste Pollution Prevention and Control Law of the People's Republic of China and other laws and regulations, and practices the concept of sustainable development in its day-to-day activities.

As a financial services institution, the energy consumption of the Company mainly comes from electricity and a small amount of natural gas that is consumed in daily operations. Material consumption is mainly the papers used in the office process. The water resources consumption mainly comes from the office sector where we use municipal tap water as the main source, and there is no problem in sourcing water for this purpose. In this regard, the Company has formulated the Management Measures for Administrative Affairs (《行政事務管理辦法》) and requires all departments and divisions to conform, so as to improve the utilization efficiency of energy and resources. At the same time, the Company continues to promote low-carbon office and incorporate low-carbon concepts into the Company's operation and management mechanism. During the Reporting Period, the Company further optimized various measures and implemented resource-saving actions in all aspects of operations.

For details, please refer to the Sustainability Report of Guolian Minsheng Securities Company Limited for the Year 2024 (《國聯民生證券股份有限公司2024年度可持續發展報告》) disclosed on the HK Stock Exchange at the same time as this report.

II. Social Responsibility

(I) Whether the social responsibility report, sustainability report or ESG report is disclosed separately

For details, please refer to the Sustainability Report of Guolian Minsheng Securities Company Limited for the Year 2024 (《國聯民生證券股份有限公司2024年度可持續發展報告》) disclosed on the HK Stock Exchange at the same time as this report.

Section 9 Environmental and Social Responsibility

(II) Specific details of social responsibilities

External donations, public welfare projects	Quantity/contents	Descriptions
Total investment (In RMB ten thousand)	60.6	
Of which: Funds (In RMB ten thousand)	60.6	The Company donated RMB124,000 to the Wuxi Disabled Assistance Service Centre (無錫市助殘服務中心) to jointly organise charity sales; donated a total of RMB446,000 to the “Red Cross Humane Ten Thousand People Donation”; and donated a total of RMB36,000 to the “Charity Day Donation”.
Equivalent value of materials (In RMB ten thousand)	–	
Number of beneficiaries (persons)	Over 5,000	

In June, the Company actively participated in the “Red Cross Humane Ten Thousand People Donation” jointly initiated by six municipal departments including the Wuxi Municipal Red Cross Society, Municipal Civilisation Office, Municipal Labour Committee of Municipal Party Committee to name a few, with a total donation of RMB446,000 to help with disaster preparedness and relief, humanitarian relief, public welfare social services and other aspects of the work of the Red Cross Society, bringing together the power of humanitarianism and writing a chapter of fraternal love.

In August, the Company once again partnered with the Wuxi Caring Service Centre for the Disabled to organise the second activity of “Little Entrepreneurs, Charity Fun Stalls (小小創業家·愛心趣擺攤)” – charity sale public welfare bazaar, aiming to promote sales through the market and support the disabled through sales, showcasing creative products made by individuals with disabilities and fostering their social integration. With a special financial and business practice class to interpret the responsibility and undertaking of actively participating in charity for the disabled, the Company invested RMB124,000 raised from the charity bazaar in the disabled assistance programme in Wuxi, creating an inclusive and age-friendly society where individuals with and without disabilities can thrive together.

In September, the Company organized its employees to participate in the “Charity Day Donation” activities jointly advocated by nine municipal departments including the Propaganda Department of the Municipal Party Committee, the Municipal Civilisation Office and the Municipal Charity Federation of Wuxi to name a few, and donated a total of RMB36,000 to assist the works in relief of hardship of enterprises, entrepreneurship and employment, improvement and protection of people’s livelihood.

Section 9 Environmental and Social Responsibility

(III) Specific details of consolidating and expanding the achievements in poverty alleviation and rural revitalisation

Poverty alleviation and rural revitalisation projects	Quantity/contents	Descriptions
Total investment (In RMB ten thousand)	210.8	
Of which: Funds (In RMB ten thousand)	209.2	A total of RMB681,000 was invested in five counties under the pairing assistance whose purpose was to get out of poverty by carrying out public welfare assistance moves in the aspects of intellectual assistance, public welfare assistance, cultural assistance, ecological assistance, organizational assistance, etc.; RMB1,211,000 was spent on purchasing agricultural products in Qinghai, Shaanxi, Xinjiang and other regions under paring assistance, and actively carrying out consumption assistance; RMB100,000 was invested in the construction of the urban heating project; and a grant of RMB100,000 was appropriated to the "Friends of Tsinghua University – Talents of Guolian Securities Scholarship" to support research on topics such as the securities industry's participation in the rural revitalization strategy.
Equivalent value of materials (In RMB ten thousand)	1.6	173 eye protection lamps, with a total value of more than 16,000, were donated to Aheqi, Xinjiang.
Number of beneficiaries (persons)	Over 4,000	
Forms of assistance (e.g. industrial poverty alleviation, employment poverty alleviation, education poverty alleviation, etc.)		Intellectual assistance, consumption assistance, cultural assistance, ecological assistance, organizational assistance, public welfare assistance, industrial assistance

Section 9 Environmental and Social Responsibility

In 2024, the Company actively fulfilled its social responsibility by continuing its involvement in the industry's "One Company, One County" paired assistance and the "Promotion of Rural Revitalisation Public Welfare Action by the Securities Industry (證券行業促進鄉村振興公益行動)", and continued to inject funds of RMB1,150,000 into the Guolian Securities Charitable Trust to facilitate rural revitalisation. The Company also focused on the "One Company, One County" initiative by carrying out a series of assistance programs such as public welfare, education, culture, ecology, organisation and consumption in five counties under the pairing assistance, including Susong in Anhui, Hezhang in Guizhou, Badong in Hubei, Poyang in Jiangxi and Pingchang in Sichuan and areas such as Qinghai, Shaanxi and Xinjiang.

(I) Continuing the "One Company, One County" paired assistance

1. Intellectual assistance: Through the Youth Entrepreneurship Association of Susong County (宿松縣青年創業協會), it offered financial knowledge, skills and entrepreneurship training for outstanding young entrepreneurs, and organised four sessions of the "Youth Entrepreneurship Talks (青創說)" salon on the theme of young talents, assisting in the development of online and offline "Youth Entrepreneurship Course (青創課)". Additionally, it supported the Badong County Qingyun Vocational School (巴東縣青雲職校) by funding a handicraft weaving skills training programme for disadvantaged individuals with disabilities, helping them enhance their personal skills and secure employment. Furthermore, it contributed to the Poyang County Entrepreneurship Village Technical Training Support Project (鄱陽縣創業村技術培訓支持幫扶項目), inviting agricultural experts to deliver planting technique training to cooperative farmers and villagers.
2. Consumption assistance: It actively implemented the essence of General Secretary Xi Jinping's important instructions on deepening the coordination between eastern and western China and targeted assistance works, and responded to the call of the Wuxi Federation of Trade Unions by spending RMB1,211,000 to purchase agricultural products in Qinghai, Shaanxi, Xinjiang and other regions under pairing assistance, which helped to consolidate the achievements of poverty alleviation and continue its rural revitalisation by consumption assistance.

Section 9 Environmental and Social Responsibility

3. Public welfare assistance: It donated funds for the construction of an elderly meal assistance site in Shuangquan Village, Desheng Town, Pingchang County. It supported schools in Hezhang County by funding the purchase of the fourth batch of teaching equipment for the “Class to Class (班班通)” project, supplementing teaching resources to ensure teaching quality and broaden the horizons of students. It also contributed to the relief project for grassroots unemployed workers in Badong County, alleviating financial pressures of their families, and donated to Dongqiao Primary School in Poyang County to enhance campus aesthetics, upgrade office and teaching equipment, improve educational quality, and support infrastructure development of the school. Together with its subsidiary Hua Ying Securities and each of its Party co-building units, it participated in the “Big Hands Holding Small Hands and Small Hands Hand in Hand (大手牽小手，小手手拉手)” campaign of Guolian Group for paired assistance in Xinjiang, donating nearly 600 books, 23 calligraphy and painting works, and 173 eye-protection lamps to the children in Aheqi, helping to consolidate and deepen the achievements of Wuxi’s counterpart assistance to Xinjiang. Furthermore, it organised the “Ethnic Unity Hand in Hand, Young Hearts Building the Chinese Dream Together (民族團結手拉手 童心共築中國夢)” themed event, fostering connections among children from different regions and building a bridge of ethnic unity, while promoting the Guolian brand’s culture of compassion.
4. Cultural assistance: It conducted training class for Wen Nan Ci (文南詞) operas, such as “Sending Fragrant Tea (《送香茶》)” and “Selling Firewood (《賣茅柴》)”, in Susong County, aiding the cultural inheritance and promotion of Wen Nan Opera in Susong County. Additionally, it funded the construction of a cultural square and cultural activity room in Huaqiao Community, Pingchang County, supporting cultural enrichment for residents. Furthermore, it donated to the Gan Opera inheritance project in Poyang County, facilitating a series of Gan Opera inheritance activities.
5. Ecological assistance: It funded the streetlight installation project in Dazhai Village, Jiegou Township, Hezhang County, purchasing and installing 40 streetlights to resolve villagers’ difficulties with nighttime travel. Also, it funded the comprehensive soil erosion control project in Tudianzi Village, Xinling Town, Badong County, addressing the issue at its source and enhancing the village’s livability and economic viability.
6. Organizational assistance: It helped to establish a party-building activity centre in Hetuan Community, Shuanghe Street, Hezhang County, supporting rural grassroots organisational development and joint participation in party-building learning activities.
7. Industrial assistance: It donated to the Zhanggong Elderly Association in Pingchang County to transform idle and abandoned land into a green orchard, generating economic benefits from reforestation and enabling elderly residents from low-income families to achieve employment and income growth close to home.

Section 9 Environmental and Social Responsibility

(II) Public Welfare Actions for Rural Revitalisation

1. Serving rural revitalization: It carried out the “Guolian · Qingxin Humiao” initiative, assisting the Communist Youth League of Susong County in deepening projects such as “Youth Self-Protection (青春自護)” and “Qingxin Humiao (青心護苗)”. It also implemented teacher training programmes, provided rural education support, and organised mental health education classes and summer camp activities, focusing on the healthy development of left-behind students.
2. Practicing new development concepts: It further strengthened the school-enterprise cooperation project of Guolian Securities – Tsinghua University social practice base. Through the Guolian Securities Charitable Trust, a grant of RMB100,000 was allocated to the “Friends of Tsinghua University – Talents of Guolian Securities Scholarship” to support research on topics such as the securities industry’s participation in the rural revitalization strategy, ESG environmental performance analysis and evaluation, and the financial culture with Chinese characteristics, better aligning with the new development concepts.
3. Conducting charitable public welfare activities: It donated RMB100,000 to assist the Wuxi Caring Service Centre for the Disabled in constructing the “Give One a Warm Home” caring project, and developed tailored environmental improvement plans for families with disabilities, gradually improving their home environment.

Independent Auditor's Report



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TO THE SHAREHOLDERS OF GUOLIAN MINSHENG SECURITIES COMPANY LIMITED (FORMERLY KNOWN AS GUOLIAN SECURITIES CO., LTD.)

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

Opinion

We have audited the consolidated financial statements of Guolian Minsheng Securities Company Limited (formerly known as Guolian Securities Co., Ltd., the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 163 to 336, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

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

Independent Auditor's Report

Goodwill impairment assessment

Refer to note 22 to the consolidated financial statements and the accounting policies on page 179.

Key audit matter

We identified goodwill impairment assessment as a key audit matter due to its significance to the financial statements, and the management of the Group exercises significant judgements and estimation to the assessment.

Management performs goodwill impairment assessment annually on the goodwill arising on acquisition of Guolian Fund Management Co., Ltd. ("Guolian Fund"). In performing an impairment assessment, management calculates the recoverable amount, being the higher of the fair value less costs of disposal ("FVL COD") for the Group's cash generating units ("CGUs") and value in use ("VIU").

As at 31 December 2024, the carrying amount of goodwill was RMB1,142,579 thousands, as disclosed in Note 22 to the consolidated financial statements.

How the matter was addressed in our audit

Our procedures in relation to this key audit matter included:

- Understanding the management's process in relation to the goodwill impairment assessment, assessing management's identification of CGU and how management allocates goodwill to each CGU based on prevailing accounting standards;
- Evaluating the appropriateness of market approach which the management used for determining the recoverable amount of Guolian Fund and the appropriateness of the key assumptions and judgments applied in the market approach including selection of comparable companies, market transaction price undertaken, estimated cost of disposal and reference to Price to Asset Under Management ("P/AUM") index. These key assumptions and judgments applied with the involvement of our internal experts based on our understanding of the business and industry knowledge; and
- Testing the accuracy of the management's calculation of goodwill impairment assessment.

Consolidation of structured entities

Refer to note 59 to the consolidated financial statements and the accounting policies on pages 174 to 178.

Key audit matter

We identified consolidation of structured entities as a key audit matter due to the significant judgements exercised by the management of the Group in assessing and concluding whether the Group controls the structured entities and the significance of the impact arising from consolidating these structured entities to the financial statements.

The Group consolidated the structured entities which it controlled. The principle of control sets out the following three elements of control: (a) power over the investee; (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns.

The Group held interests as investor and/or acted as investment manager in various structured entities including collective asset management schemes and investment funds. The Group considered its power, arising from the rights entitled directly or indirectly, over the structured entities, and assessed whether the combination of investments it held together with its remuneration created exposure to variability of returns from the structured entities that are of such significance that it indicated the Group controlled the structured entities and should consolidated these structured entities.

How the matter was addressed in our audit

Our procedures in relation to this key audit matter included:

- Understanding and evaluating the key controls over the management's process in relation to the determination of consolidation scope using the principle of control, and testing the operating effectiveness of these controls;
- Selecting samples to perform the following audit procedures:
 - inspecting agreements relating to the structured entity and understanding the purpose of its set up; assessing the appropriateness of the Group's judgement on the power the Group had over the structured entity according to the Group's rights and obligations under different transaction structures and its involvement with the structured entity;
 - verifying the analysis on the Group's variable return which included, but was not limited to, fixed management fees and performance fees obtained through acting as asset manager, as well as the returns obtained from holding an interest in a structured entity;

Independent Auditor's Report

Key audit matter

The carrying amount of the interests in unconsolidated structured entities held by the Group was disclosed in Note 59 to the consolidated financial statements, whilst the carrying amount of the Company's investments in consolidated structured entities was presented in Note 62 to the consolidated financial statements.

How the matter was addressed in our audit

- Selecting samples to perform the following audit procedures: – continued
 - analysing the scope of the Group's decision making power over the structured entity, the substantive rights held by other participants, the level of remuneration obtained from providing asset management services and the risk of variable return borne by holding other interests in the structured entity and, checking the Group's analysis on the magnitude and variability of variable return, assessing whether the Group acts as principal or agent in the structured entities; and
 - assessing the management's judgment on the consolidation of structured entities through carrying out the above procedures.

Independent Auditor's Report

Expected credit loss assessment of margin accounts receivable and equity securities held under resale agreements

Refer to notes 29 and 35 to the consolidated financial statements and the accounting policies on pages 202 to 208.

Key audit matter

We identified the expected credit loss ("ECL") assessment of margin accounts receivable and equity securities held under resale agreements as a key audit matter as these financial assets are material to the Group, and the management of the Group exercises significant judgements and estimation to assess and measure ECL.

Significant judgements exercised by the Group in ECL measurement includes assessing whether the credit risk of an asset has significantly increased since initial recognition and whether an asset is credit-impaired, using appropriate models and assumptions, determining the key inputs. Key inputs used in the ECL model including probability of default ("PD"), loss given default ("LGD"), exposure at default ("EAD") and forward-looking information for Stage 1 and 2 financial assets; the determination of recoverable amount in respect of Stage 3 financial assets are based on value of collateral and repayment ability of borrowers.

As at 31 December 2024, the Group held margin accounts receivable of RMB11,561,577 thousands, less impairment allowance of RMB10,240 thousands as disclosed in Note 35 to the consolidated financial statements and equity securities held under resale agreements of RMB1,332,231 thousands, less impairment allowance of RMB1,231 thousands as disclosed in Note 29 to the consolidated financial statements.

How the matter was addressed in our audit

Our procedures in relation to this key audit matter included:

- Understanding and evaluating the management's process and key controls over the measurement of ECL, and testing the operating effectiveness of these controls;
- Evaluating the appropriateness of the ECL model, the critical assumptions and parameters used in the model, in particular the PD, LGD and forward-looking information with the involvement of our internal experts;
- Reviewing the parameters and judgement made by the management on a sample basis including the determination of the stages of the financial assets, PD and LGD, expected future cash flows, financial condition of counterparties and guarantors, and the realisation of collateral held, as appropriate; and
- Testing the mathematical accuracy of the calculation of ECL.

Independent Auditor's Report

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 26 March 2024.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Pang Wai Hang.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Pang Wai Hang

Practising Certificate Number: P05044

Hong Kong

26 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue			
– Commission and fee income	6	2,003,864	1,805,286
– Interest income under effective interest method	7	1,221,518	1,330,276
Net investment gains	8	976,211	1,243,463
Other income	9	13,340	6,541
Total revenue, net investment gains and other income		4,214,933	4,385,566
Commission and fee expenses	10	(220,516)	(251,117)
Interest expenses	11	(1,321,469)	(1,248,823)
Staff costs	12	(1,422,068)	(1,377,070)
Depreciation and amortisation	13	(306,236)	(270,532)
Other operating expenses	14	(614,921)	(524,652)
Reversal of impairment losses under expected credit loss model, net	15	20,456	28,598
Total expenses		(3,864,754)	(3,643,596)
Total revenue, net investment gains and other income less total expenses		350,179	741,970
Share of result of an associate		1,590	(21,026)
Other gains, net	16	21,036	104,473
Profit before income tax		372,805	825,417
Income tax credit/(expense)	17	33,429	(150,867)
Profit for the year		406,234	674,550
Attributable to:			
Shareholders of the Company		397,419	671,319
Non-controlling interests		8,815	3,231
		406,234	674,550
Earnings per share (Expressed in RMB per share)			
– Basic	18	0.14	0.24

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
Profit for the year	406,234	674,550
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value gain on:		
– investments in equity instruments at fair value through other comprehensive income	1,070,743	303,919
Income tax relating to items that will not be reclassified to profit or loss	(267,686)	(75,980)
	803,057	227,939
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	3,924	3,827
Fair value gain on:		
– debt instruments measured at fair value through other comprehensive income	25,307	154,207
Impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss	(7,500)	(14,137)
Income tax relating to items that may be reclassified subsequently to profit or loss	(4,452)	(35,018)
	17,279	108,879
Other comprehensive income for the year, net of tax	820,336	336,818
Total comprehensive income for the year	1,226,570	1,011,368
Attributable to:		
Shareholders of the Company	1,217,755	1,008,137
Non-controlling interests	8,815	3,231
	1,226,570	1,011,368

Consolidated Statement of Financial Position

As at 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current assets			
Property and equipment	20	101,126	101,738
Right-of-use assets	21	241,153	227,464
Goodwill	22	1,142,579	1,142,579
Intangible assets	23	513,261	545,052
Interests in an associate and a joint venture	25	77,370	75,780
Equity instruments at fair value through other comprehensive income	26	5,200,853	3,600,396
Debt instruments at fair value through other comprehensive income	27	3,178,389	4,598,052
Financial assets at fair value through profit or loss	28	976,390	843,584
Financial assets held under resale agreements	29	–	200,336
Derivative financial assets	30	492,501	1,503,130
Deferred tax assets	31	40,014	140,927
Refundable deposits	32	369,915	465,954
Construction in progress		14,075	8,843
Other non-current assets	33	713,275	1,313,253
Total non-current assets		13,060,901	14,767,088
Current assets			
Other current assets	34	1,732,094	2,420,356
Margin accounts receivable	35	11,551,337	10,126,663
Financial assets held under resale agreements	29	10,473,607	5,106,578
Debt instruments at fair value through other comprehensive income	27	2,382,647	2,485,305
Financial assets at fair value through profit or loss	28	36,944,261	38,183,659
Derivative financial assets	30	430,689	244,113
Clearing settlement funds	36	5,220,252	3,978,960
Cash held for brokerage clients	37	11,096,743	6,650,429
Cash and bank balances	38	4,315,613	3,165,723
Total current assets		84,147,243	72,361,786
Total assets		97,208,144	87,128,874
Equity and liabilities			
Equity			
Share capital	39	2,831,773	2,831,773
Share premium	40	8,189,045	8,189,045
Reserves	40	4,034,274	3,062,913
Retained earnings		3,529,242	3,684,960

Consolidated Statement of Financial Position

As at 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Equity attributable to shareholders of the Company		18,584,334	17,768,691
Non-controlling interest		363,682	354,867
Total equity		18,948,016	18,123,558
Non-current liabilities			
Deferred tax liabilities	31	717,208	658,105
Bonds in issue	41	18,799,316	16,025,000
Lease liabilities	42	133,890	135,206
Derivative financial liabilities	30	66,654	161,577
Financial liabilities at fair value through profit or loss	43	70,321	70,636
Other non-current liabilities	44	5,333,240	8,754,770
Total non-current liabilities		25,120,629	25,805,294
Current liabilities			
Other current liabilities	45	4,013,347	3,623,968
Current income tax liabilities		46,868	10,688
Bonds in issue	41	6,003,157	9,293,077
Lease liabilities	42	107,171	94,878
Contract liabilities	47	18,123	17,552
Due to financial institutions	48	9,972,283	5,314,014
Derivative financial liabilities	30	299,611	286,066
Financial assets sold under repurchase agreements	49	17,349,424	14,421,564
Financial liabilities at fair value through profit or loss	43	764,348	1,092,116
Accounts payable to brokerage clients	50	14,565,167	9,046,099
Total current liabilities		53,139,499	43,200,022
Total liabilities		78,260,128	69,005,316
Total equity and liabilities		97,208,144	87,128,874

The consolidated financial statements on pages 163 to 336 were approved and authorised for issue by the Board of Directors on 26 March 2025 and signed on behalf by:

Ge Xiaobo

Chairman of the Board, Executive Director, and President

Yin Lei

Vice president, and Financial Officer

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

		Attributable to shareholders of the Company										Non-controlling interest	Total equity
		Reserves											
		Share capital	Share premium	Surplus reserve	General reserve	Revaluation reserve	Translation reserve	Other reserve	Retained earnings	Sub-total			
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2024		2,831,773	8,189,045	822,080	1,934,458	324,521	(3,329)	(14,817)	3,684,960	17,768,691	354,867	18,123,558	
Profit for the year		-	-	-	-	-	-	-	397,419	397,419	8,815	406,234	
Other comprehensive income for the year		-	-	-	-	816,412	3,924	-	-	820,336	-	820,336	
Total comprehensive income for the year		-	-	-	-	816,412	3,924	-	397,419	1,217,755	8,815	1,226,570	
Dividend paid	19	-	-	-	-	-	-	-	(402,112)	(402,112)	-	(402,112)	
Disposal of investments in equity instruments at fair value through other comprehensive income		-	-	-	-	722	-	-	(722)	-	-	-	
Appropriation to surplus reserve		-	-	25,000	-	-	-	-	(25,000)	-	-	-	
Appropriation to general reserve		-	-	-	125,303	-	-	-	(125,303)	-	-	-	
Balance at 31 December 2024		2,831,773	8,189,045	847,080	2,059,761	1,141,655	595	(14,817)	3,529,242	18,584,334	363,682	18,948,016	
Balance at 1 January 2023		2,831,773	8,189,045	763,323	1,811,705	(20,377)	(7,156)	(14,817)	3,207,058	16,760,554	-	16,760,554	
Profit for the year		-	-	-	-	-	-	-	671,319	671,319	3,231	674,550	
Other comprehensive income for the year		-	-	-	-	332,991	3,827	-	-	336,818	-	336,818	
Total comprehensive income for the year		-	-	-	-	332,991	3,827	-	671,319	1,008,137	3,231	1,011,368	
Effect of acquisition of subsidiaries	60	-	-	-	-	-	-	-	-	-	351,636	351,636	
Disposal of investments in equity instruments at fair value through other comprehensive income		-	-	-	-	11,907	-	-	(11,907)	-	-	-	
Appropriation to surplus reserve		-	-	58,757	-	-	-	-	(58,757)	-	-	-	
Appropriation to general reserve		-	-	-	122,753	-	-	-	(122,753)	-	-	-	
Balance at 31 December 2023		2,831,773	8,189,045	822,080	1,934,458	324,521	(3,329)	(14,817)	3,684,960	17,768,691	354,867	18,123,558	

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Profit before income tax		372,805	825,417
Adjustments for:			
Depreciation and amortisation		306,236	270,532
Reversal of impairment losses under expected credit loss model, net		(20,456)	(28,598)
Net losses/(gains) on disposal of property and equipment, intangible assets and other non-current assets, net		5,291	(81,250)
Unrealised fair value change of financial instruments at fair value through profit or loss		977,525	(677,011)
Foreign exchange losses/(gains)		1,653	(635)
Share of result of an associate		(1,590)	21,026
Interest income from debt instruments at fair value through other comprehensive income		(140,626)	(259,542)
Net gains from disposal of debt instruments at fair value through other comprehensive income		(27,173)	(10,055)
Dividends from equity instruments at fair value through other comprehensive income		(363,654)	(308,540)
Interest expense of bonds in issue and short-term borrowings		830,403	796,881
Interest expense of lease liabilities		8,920	8,268
Operating cash flows before movements in working capital		1,949,334	556,493
Net increase in margin accounts receivable		(1,422,784)	(1,307,769)
Net decrease/(increase) in financial assets at fair value through profit or loss		1,217,534	(6,097,082)
Net decrease in financial assets held under resale agreements		10,060	840,474
Net decrease in refundable deposits		96,039	126,272
Net (increase)/decrease in cash held for brokerage clients		(4,446,314)	1,314,506
Net (increase)/decrease in clearing settlement funds		(1,429,580)	179,265
Net decrease/(increase) in other assets		2,472,021	(957,026)
Net increase/(decrease) in accounts payable to brokerage clients		5,519,068	(1,751,182)
Net increase/(decrease) in financial assets sold under repurchase agreements		2,927,860	(571,117)
Net increase in due to financial institutions		4,658,269	4,413,798
Net increase in contract liabilities		571	–
Net (decrease)/increase in other liabilities		(3,032,151)	4,051,642
Net (decrease)/increase in financial liabilities at fair value through profit or loss		(299,916)	28,500
Cash generated from operations		8,220,011	826,774
Income taxes paid		(42,754)	(46,986)
Net cash from operating activities		8,177,257	779,788

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Cash flows from investing activities			
Dividends received from investments		332,262	587,884
Interest received from investments		140,626	–
Proceeds on disposal of property and equipment, intangible assets and other long-term assets		44	92,741
Purchase of property and equipment, intangible assets and other long-term assets		(154,528)	(198,542)
Cash paid for purchase of			
– debt instruments at fair value through other comprehensive income		(4,581,434)	(11,733,982)
– equity instruments at fair value through other comprehensive income		(4,455,433)	(466,088)
Cash received from disposal of			
– debt instruments at fair value through other comprehensive income		6,166,756	12,926,155
– equity instruments at fair value through other comprehensive income		3,925,479	99,773
Payment made on acquisition of subsidiaries, net of cash acquired	60	–	(2,212,761)
Net cash from/(used in) investing activities		1,373,772	(904,820)
Cash flows from financing activities			
Interest paid for bonds in issue		(886,007)	(763,422)
Dividends paid	19	(402,112)	–
Repayment of lease liabilities		(139,445)	(120,560)
Cash received from additional bonds in issue		11,633,033	19,171,935
Cash paid for repayment of bonds in issue		(12,466,992)	(14,567,201)
Net cash (used in)/from financing activities	54	(2,261,523)	3,720,752
Effect of exchange rate changes on the balance of cash held in foreign currencies		2,207	1,303
Net increase in cash and cash equivalents		7,289,505	3,595,720
Cash and cash equivalents at the beginning of the year		7,321,005	3,723,982
Cash and cash equivalents at the end of the year	51	14,612,717	7,321,005
Net cash from operating activities including:			
Interest received		1,183,450	1,919,909
Interest paid		(480,878)	(440,803)
Dividends received		72,235	54,242

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. General Information and Basis of Preparation

Guolian Minsheng Securities Company Limited (國聯民生證券股份有限公司) (formerly known as Guolian Securities Co., Ltd. (國聯證券股份有限公司), the “Company”) is a joint stock financial institution incorporated in Jiangsu Province, the People’s Republic of China (the “PRC”).

The Company, originally named as Wuxi Securities Company (無錫市證券公司), was set up upon approval from the People’s Bank of China in November 1992 as a collectively owned enterprise with an initial registered capital of RMB32,000 thousand. On 8 January 1999, the Company was converted to a limited liability company and was renamed as Wuxi Securities Co., Ltd. (無錫證券有限責任公司). On 16 May 2008, Wuxi Securities Co., Ltd. was converted to a joint-stock company upon approval by the China Securities Regulatory Commission (the “CSRC”) with a registered capital of RMB1,500,000 thousand and was renamed as Guolian Securities Co., Ltd. (國聯證券股份有限公司).

The Company completed its initial public offering of overseas-listed foreign shares (“H” shares) on the Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) on 6 July 2015. Under the offering, the Company issued a total of 402,400 thousand shares with a nominal value of RMB1 per share. After this public offering, total share capital of the Company increased to RMB1,902,400 thousand.

The Company completed its initial public offering of A shares on the Shanghai Stock Exchange on 31 July 2020. Under this offering, the Company issued a total of 475,719 thousand shares with a nominal value of RMB1 per share. After this public offering, total share capital of the Company increased to RMB2,378,119 thousand.

On July 27, 2021, the Company received the approval for the non-public offering issued by the CSRC, according to which the Company could issue 453,654 thousand ordinary shares (A-shares) to 23 specific investors. On October 15, 2021, the newly issued shares have been registered in China Securities Depository & Clearing Co., LTD. Shanghai Branch (the “CDB Shanghai Branch”). After the non-public offering, total share capital of the Company increased to RMB2,831,773 thousand.

As at 31 December 2024, the registered capital of the Company is RMB2,831,773 thousand.

On 7 February 2025, the Company completed the registration procedures for the industrial and commercial changes of the company name and registered capital, and obtained the business license issued by the Wuxi Data Bureau. The Chinese name of the Company was changed from Guolian Securities Co., Ltd. (國聯證券股份有限公司) to Guolian Minsheng Securities Company Limited (國聯民生證券股份有限公司), and the registered capital was changed from RMB2,831,773 thousand to RMB5,472,042 thousand. The other contents of the business licence remain unchanged.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. General Information and Basis of Preparation – continued

The Company holds the securities institution licence and business license No.91320200135914870B. The registered address of the Company is No.8 Jinrong One Street, Wuxi, Jiangsu Province, PRC.

The Company's ultimate holding company is Wuxi Guolian Development (Group) Co., Ltd. (collectively referred to as "Guolian Group" together with its subsidiaries). Guolian Group is a PRC enterprise regulated and directly managed by Wuxi State-Owned Assets Supervision and Administration Committee ("Wuxi SASAC"). Wuxi SASAC is the actual controller of the company.

The Company and its subsidiaries (the "Group") are engaged in the following principal activities: securities brokerage, investment consultancy and financial advisory services related to securities trading and securities investment, proprietary trading, asset management, agency sale of financial products, margin financing and securities lending, introducing broker for futures companies, investment management, proprietary investment in venture capital, industrial investment, equity investment, securities underwriting and sponsorship of stocks (including RMB ordinary shares and foreign shares) and bonds (including government bonds and corporate bonds), fund raising, fund sales, and specific customer asset management, fund asset management and other businesses approved by the CSRC (projects in accordance with the law and approved by relevant departments).

As of 31 December 2024, the Company has established 98 branches, including 16 branch offices and 82 securities branches, which are mainly located in Jiangsu province.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as functional currency of the Company. All financial statements and notes to the consolidated financial statements are presented in RMB and has been rounded to the nearest thousands, except when otherwise indicates.

These consolidated financial statements were authorised for issue by the Board of Directors (the "Board") on 26 March 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2. Application of New and Amendments to International Financial Reporting Standards (“IFRSs”) and Changes in Other Accounting Policies

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”), for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

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

The application of the amendments to IFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective.

IFRS 18	Presentation and Disclosure in Financial Statements ³
IFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to IAS 21	Lack of Exchangeability ¹
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective for annual periods beginning on or after a date to be determined

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2. Application of New and Amendments to International Financial Reporting Standards (“IFRSs”) and Changes in Other Accounting Policies – continued

New and amendments to IFRSs in issue but not yet effective – continued

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments

The amendments include requirements on classification of financial assets with environmental, social or governance targets and similar features; settlement of financial liabilities through electronic payment systems; and disclosures regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature.

The amendments are effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for contingent features only. The directors of the Company are currently assessing the impact of these amendments.

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 “Statement of Cash Flows” and IAS 33 “Earnings per Share” are also made. IFRS 18, and the consequential amendments to other IFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of IFRS 18 on the consolidated financial statements of the Group.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.1 Basis of preparation of consolidated financial statements – continued

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities (“SEs”)) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group’s voting rights in an investee are sufficient to give it power, including:

- the size of the Group’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Basis of consolidation – continued

When the Group has decision-making rights (a decision maker) over a structured entity, the Group will determine whether it is a principal or an agent for the purpose of assessing whether the Group controls the structured entity.

An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority. In determining whether the Group is an agent to the structured entity, the Group would assess:

- the scope of its decision-making authority over the investee;
- the rights held by other parties;
- the remuneration to which it is entitled in accordance with the remuneration agreement(s); and
- the Group's exposure to variability of returns from other interests that it holds in the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Basis of consolidation – continued

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Business combinations

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Business combinations – continued

Optional concentration test – continued

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the “Conceptual Framework”) except for transactions and events within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, in which the Group applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Business combinations – continued

Optional concentration test – continued

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net of amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less any accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro rata basis based on the carrying amount of each asset in the unit (or groups of cash-generating units). The carrying amount of the cash-generating unit (or groups of cash-generating units) including the allocated goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Investment in an associate

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Investment in an associate – continued

The Group applies IFRS 9, including the impairment requirements, to long-term interests in a joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate, and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Interest in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An interest in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the interest in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Interest in a joint venture – continued

The Group applies IFRS 9, including the impairment requirements, to long-term interests in a joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former joint venture and the retained interest is a financial asset within the scope of IFRS 9 Financial Instruments (“IFRS 9”), the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant joint venture.

When a Group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Property and equipment

Property and equipment are tangible assets that are held for use in the supply of services, or for administrative purpose (other than construction in progress). Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress for supply of service or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such assets are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property and equipment.

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their estimated useful lives, using straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Property and equipment – continued

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The estimated residual value rates and useful lives of each class of property and equipment are as follows:

Classes	Estimated residual value rates	Useful lives
Buildings	0 – 5%	20 – 30 years
Motor vehicles	0 – 5%	4 – 6 years
Electronics and other equipment	0 – 5%	2 – 5 years

Intangible assets

Intangible assets acquired separately

The estimated useful lives of each class of intangible assets are as follows:

Trading rights shall be amortised over 10 years while computer software and others shall be amortised over 2-5 years, and customer relationships shall be amortised over expected beneficial life.

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Intangible assets – continued

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Intangible assets – continued

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured at the difference between the net disposal proceeds and the carrying amount of the asset, recognised in profit or loss in the period when the asset is derecognised.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Leases – continued

The Group as a lessee – continued

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of buildings/motor vehicles that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Leases – continued

The Group as a lessee – continued

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Leases – continued

The Group as a lessee – continued

Lease liabilities – continued

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review or expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modifications”).

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Leases – continued

The Group as a lessee – continued

Lease modifications – continued

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term. Variable lease payments for operating leases that depend on an index or a rate are included in the total lease payments using the index or rate as at the commencement date. Variable lease payments that do not depend on an index or a rate are excluded and are recognised as income when they arise.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Leases – continued

The Group as a lessor – continued

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies *IFRS 15 Revenue from Contracts with Customers* (“IFRS 15”) to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For rent concession under which the Group legally releases the lessee from its obligation to make specifically identified lease payment, of which some of these lease payments are contractually due but not paid and some of them are not yet contractually due, the Group accounts for the portions which have been recognised as operating lease receivables by applying the ECL and derecognition requirements under IFRS 9 and applies lease modification requirements for the forgiven lease payments that the Group has not recognised as at the effective date of modification.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other gains, net”.

Employee benefits

In the reporting period in which an employee has rendered services, the Group recognises the employee benefits expenses for those services in profit or loss.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Social welfare

Social welfare expenditure refers to payments for employees’ social welfare system established by the Government of the PRC, including social insurance, housing funds and other social welfare contributions. The Group contributes on a regular basis to these funds based on certain percentage of the salaries of the employees and the contributions are recognised in profit or loss for the period when employees have rendered service entitling them to the contribution. The Group’s liabilities in respect of these funds are limited to the contribution payable in the reporting period.

Contributions to pension schemes and annuity plans

Payments to defined contribution retirement benefits plan are recognised as an expense when employees have rendered service entitling them to the contributions.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Employee benefits – continued

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before income tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Taxation – continued

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in an associate and a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Taxation – continued

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Classification and subsequent measurement of financial assets – continued

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

If the fair value is evidenced by Level 1 inputs or based on a valuation technique that uses only data from observable markets, then the difference is recognised as a gain or loss on initial recognition (i.e. day 1 P&L). In other circumstances, the day 1 P&L is deferred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Classification and subsequent measurement of financial assets – continued

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Classification and subsequent measurement of financial assets – continued

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "net investment gains" line item in profit or loss.

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "net investment gains" line item.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including bank balances, cash held for brokerage clients, clearing settlement funds, financial assets held under resale agreements, debt instruments at fair value through other comprehensive income, margin accounts receivable, accounts receivable and other receivables in other current assets and refundable deposits), and other items (loan commitments) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for accounts receivable. The ECL on account receivables are assessed individually for debtors with significant balances and/or collectively using a provision matrix with aging groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 – continued

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- debtor fails to pay the principal and interest as per the due date of the contract and the number of days overdue;
- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 – continued

- (i) Significant increase in credit risk – continued
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations;
 - significant deterioration in the value of collateral or quality of guarantee or credit enhancements provided by a third party. These changes are expected to reduce the debtor's financial incentive to repay the debt within the time limit specified in the contract or affect the probability of default.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 – continued

(i) Significant increase in credit risk – continued

For loan commitments, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

For margin accounts receivable and financial assets held under resale agreement, the Group considers that default has occurred when the loan-to-collateral ratio reaches the liquidation line or expect there would be loss after closing the position mandatorily.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 – continued

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.
- (f) the purchase or originate a financial asset at a substantial discount, which reflects the fact that a credit loss has occurred.

Irrespective of the outcome of the above assessment, the Group presumes that a financial asset is credit-impaired since initial recognition when contractual payments are more than 90 days past due.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 – continued

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 – continued

(v) Measurement and recognition of ECL – continued

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments including account receivables are grouped based on shared credit risk characteristics. The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For undrawn loan commitments, the loss allowances are the present value of the difference between:

- (a) the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan; and
- (b) the cash flows that the Group expects to receive if the loan is drawn down.

Except for investments in debt instruments that are measured at FVTOCI and loan commitments, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of account receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the revaluation reserve without reducing the carrying amounts of these debt instruments. Such amount represents the changes in the revaluation reserve in relation to accumulated loss allowance.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial assets sold under repurchase agreements and financial assets held under resale agreements

Financial assets sold subject to repurchase agreements, which do not result in derecognition of the financial assets, are continued to be recorded as financial assets at FVTPL or debt instruments measured at amortised cost as appropriate. The corresponding liability is included in “financial assets sold under repurchase agreements”. Consideration paid for financial assets held under agreements to resell are recorded as “financial assets held under resale agreements”. Financial assets sold under repurchase agreements and financial assets held under resale agreements are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Securities lending

When the Group lends securities to clients, the cash collateral balances required under the securities lending agreements and the interest arising from the cash collateral are included in “accounts payable to brokerage clients”. For those securities held by the Group that are lent to clients, they are not derecognised and are continued to be recorded as financial assets at FVTPL.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial liabilities and equity instruments – continued

Financial liabilities – continued

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial liabilities and equity instruments – continued

Financial liabilities – continued

Financial liabilities at FVTPL – continued

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities at amortised cost

Financial liabilities including due to financial institutions, accounts payable to brokerage clients, other payables, bonds in issue and financial assets sold under repurchase agreements are subsequently measured at amortised cost, using the effective interest method.

Derecognition and substantial modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Group accounts for an exchange with a lender of a financial liability with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability.

Except for changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform in which the Group applies the practical expedient, when the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial liabilities and equity instruments – continued

Derecognition and substantial modification of financial liabilities – continued

If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Financial instruments – continued

Derivative financial instruments – continued

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Revenue from contracts with customers – continued

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts and variable consideration.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Revenue from contracts with customers – continued

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Revenue from contracts with customers – continued

Principal versus agent – continued

The Group's revenue mainly comes from the following types of business:

Commission and fee income

- (a) Commission and fee income arising from securities brokerage services is recognised at a point in time on the executive date of the securities transaction;
- (b) Commission and fee income arising from underwriting is recognised at a point in time; Revenue from sponsorship, financial advisory and investment consultancy is recognised when the contractual obligations are fulfilled;
- (c) Commission and fee income arising from asset management services is recognised in accordance with the conditions and proportions agreed in the contract when management services meets the relevant revenue recognition conditions.

Other income

Other income is recognised when the contractual obligations are fulfilled.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Impairment on property and equipment, right-of-use assets and intangible assets other than goodwill and financial assets

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information – continued

3.2 Material accounting policy information – continued

Impairment on property and equipment, right-of-use assets and intangible assets other than goodwill and financial assets – continued

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Group reviewed the estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty – continued

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. For goodwill arising on the acquisition of Guolian Fund in 2023, the cash-generating unit to which goodwill has been allocated is tested for impairment at year end. This requires an estimation of the recoverable amount of the CGU or group of CGUs to which the goodwill is allocated. The recoverable amount has been determined based on value in use calculations or fair value less costs of disposal. These calculation require the use of judgments and estimates.

Judgment is required to identify any impairment indicators existing for any of the Group's goodwill, to determine appropriate impairment approaches, i.e., fair value less costs of disposal or value in use, for impairment review purposes, and to select key assumptions applied in the adopted valuation models, including discounted cash flows and market approach. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and in turn affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated statement of profit or loss.

Consolidation of structured entities

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control sets out the following three elements of control: (a) power over the investee; (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns.

The Group held interests as investor or acted as investment manager in various structured entities including collective asset management schemes and investment funds. The Group considered its power, arising from the rights entitled directly or indirectly, over the structured entities, and assessed whether the combination of investments it held together with its remuneration created exposure to variability of returns from the structured entities that are of such significance that it indicated the Group controlled the structured entities and should consolidated these structured entities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty – continued

Expected credit losses of margin accounts receivable, financial assets held under resale agreements and debt instruments at fair value through other comprehensive income

The Group estimates the amount of loss allowance for ECL on its margin accounts receivable, financial assets held under resale agreements and debt instruments at fair value through other comprehensive income. The loss allowance amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of margin accounts receivable, financial assets held under resale agreements and debt instruments at fair value through other comprehensive income. The assessment of the credit risk of margin accounts receivable, financial assets held under resale agreements and debt instruments at fair value through other comprehensive income involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly. Details on ECL are included in Note 56 to the consolidated financial statements.

The following significant judgements and estimation are required in applying the accounting requirements for measuring the ECL:

Significant increase of credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information. Details of advances to customers are set out in Notes 29 and 35.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty – continued

Expected credit losses of margin accounts receivable, financial assets held under resale agreements and debt instruments at fair value through other comprehensive income – continued

Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Assets move from 12-month to lifetime ECLs when there is a significant increase in credit risk, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Models and assumptions used

The Group uses various models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of assets, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Forward-looking information

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default (PD)

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Loss given default (LGD)

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty – continued

Fair value of financial instruments

The Group uses valuation techniques to estimate the fair value of financial instruments which are not quoted in an active market. These valuation techniques include the use of recent transaction prices of the same or similar instruments and discounted cash flow analysis. To the extent practical market observable inputs and data, such as interest rate yield curves, are used when estimating fair value through a valuation technique. Where market observable inputs are not available, they are estimated using assumptions that are calibrated as closely as possible to market observable data. However, areas such as the credit risk of the Group and the counterparty, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the estimated fair value of financial instruments.

Income taxes

There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the current income tax and deferred tax in the period during which such a determination is made.

The realisation of a deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future.

In cases where it becomes probable that sufficient profits or taxable temporary differences are expected to be generated, deferred tax assets would be recognised in profit or loss in that period. On the contrary, if sufficient profits or taxable temporary differences are not expected to be generated, deferred tax assets would be reversed in profit or loss in that period. Details of the deductible temporary differences are disclosed in Note 31.

5. Segment Analysis

The Group manages the business operations by the following segments in accordance with the nature of the operations and the services provided:

- (a) Brokerage and wealth management: securities trading and brokering services, sales of wealth management products, investment consulting, and asset allocation;
- (b) Credit transaction: providing financial leverage for brokerage clients, securities-backed lending and securities repurchase businesses;
- (c) Investment banking: corporate finance and financial advisory services to institutional clients and market maker business;
- (d) Proprietary trading: trading in financial products;
- (e) Asset management and investment: direct investments and funds related business, in addition to portfolio management and maintenance, investment advisory and transaction execution services;
- (f) Other businesses: including headquarters operations and interest income and expenses relating to working capital in general.

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties and there was no change in the basis during the year ended 31 December 2024.

Guolian Fund, the subsidiary acquired in 2023, is included in the asset management and investment segment.

The Group mainly operates in Jiangsu Province, the PRC. Almost all of the revenue and other income of the Group are generated in the PRC.

Almost all of non-current assets of the Group are located in the PRC.

No income from any single customer contributed over 10% of the total revenue and other income of the Group.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. Segment Analysis – continued

Year ended 31 December 2024

	Brokerage and wealth management	Credit transaction	Investment banking	Proprietary trading	Asset management and investment	Other business	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total revenue, net investment gains and other income	1,205,410	596,551	350,882	907,511	718,521	493,394	(57,336)	4,214,933
Commission and fee income								
– external	992,457	–	332,886	25,966	652,555	–	–	2,003,864
– internal	16,432	–	5,620	–	900	–	(22,952)	–
Interest income								
– external	196,068	596,551	7,177	141,350	18,923	261,449	–	1,221,518
– internal	–	–	–	–	–	9,384	(9,384)	–
Net investment gains								
– external	–	–	5,199	735,429	46,142	214,441	(25,000)	976,211
– internal	–	–	–	–	–	–	–	–
Other income								
– external	453	–	–	4,766	1	8,120	–	13,340
– internal	–	–	–	–	–	–	–	–
Total expenses (including reversal of impairment losses)	(905,337)	(346,722)	(349,765)	(820,854)	(581,644)	(900,191)	39,759	(3,864,754)
Operating profit/(loss)	300,073	249,829	1,117	86,657	136,877	(406,797)	(17,577)	350,179
Other gains or (losses)								
– external	5,449	–	2,287	(1,495)	9,728	5,067	–	21,036
– internal	–	–	–	–	–	–	–	–
Share of profit of investment in an associate	–	–	–	–	–	1,590	–	1,590
Profit/(loss) before income tax	305,522	249,829	3,404	85,162	146,605	(400,140)	(17,577)	372,805
Total assets	12,581,044	15,088,900	769,786	48,162,321	4,733,462	20,433,089	(4,560,458)	97,208,144
Total liabilities	14,426,638	10,009,063	410,562	37,043,171	321,862	16,036,377	12,455	78,260,128
Supplemental information								
Interests in an associate and a joint venture	–	–	–	–	–	77,370	–	77,370
Capital expenditure	89,209	–	26,279	2,143	31,512	141,655	–	290,798
Depreciation and amortisation	124,102	1,104	23,697	4,817	87,028	65,488	–	306,236
Reversal of impairment losses under expected credit loss model, net	–	(12,387)	(930)	(7,500)	144	217	–	(20,456)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. Segment Analysis – continued

Year ended 31 December 2023

	Brokerage and wealth management	Credit transaction	Investment banking	Proprietary trading	Asset management and investment	Other business	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total revenue, net investment gains and other income	969,021	718,392	543,250	1,374,096	470,415	331,534	(21,142)	4,385,566
Commission and fee income								
– external	784,055	59,763	502,754	12,758	445,956	–	–	1,805,286
– internal	–	–	20,595	–	547	–	(21,142)	–
Interest income								
– external	184,905	658,629	9,232	263,909	12,582	201,019	–	1,330,276
– internal	–	–	–	–	–	–	–	–
Net investment gains								
– external	–	–	10,669	1,097,428	11,330	124,036	–	1,243,463
– internal	–	–	–	–	–	–	–	–
Other income								
– external	61	–	–	1	–	6,479	–	6,541
– internal	–	–	–	–	–	–	–	–
Total expenses (including reversal of impairment losses)	(887,731)	(395,012)	(482,354)	(800,520)	(382,182)	(709,177)	13,380	(3,643,596)
Operating profit/(loss)	81,290	323,380	60,896	573,576	88,233	(377,643)	(7,762)	741,970
Other gains								
– external	3,656	–	3,458	253	13,215	83,891	–	104,473
– internal	–	–	–	–	–	–	–	–
Share of loss of investment in an associate	–	–	–	–	–	(21,026)	–	(21,026)
Profit/(loss) before income tax	84,946	323,380	64,354	573,829	101,448	(314,778)	(7,762)	825,417
Total assets	8,870,065	13,051,472	605,611	43,074,490	4,227,395	21,487,470	(4,187,629)	87,128,874
Total liabilities	9,282,269	8,036,732	215,843	36,708,264	466,520	14,284,729	10,959	69,005,316
Supplemental information								
Interests in an associate and a joint venture	–	–	–	–	–	75,780	–	75,780
Capital expenditure	146,069	2,167	25,691	11,764	52,808	74,264	–	312,763
Depreciation and amortisation	105,099	1,299	23,470	13,686	34,625	92,353	–	270,532
Reversal of impairment losses under expected credit loss model, net	–	(15,128)	272	(14,137)	–	395	–	(28,598)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6. Commission and Fee Income

	2024	2023
	RMB'000	RMB'000
Revenue from contracts within the scope of IFRS 15:		
Securities brokerage	916,762	708,270
Underwriting and sponsorship	287,887	442,213
Investment consultancy and financial advisory	139,020	149,702
Asset management (Note a)	660,195	443,126
Others	—	61,975
	2,003,864	1,805,286

Disaggregation of revenue from contracts with customers by time of recognition:

	2024	2023
	RMB'000	RMB'000
Timing of revenue recognition		
Point in time	1,325,514	1,349,165
Overtime	678,350	456,121
	2,003,864	1,805,286

Note a: The Group provides asset management services in respect of various asset management schemes. Performance obligation is satisfied over the term of respective asset management schemes. Management fees of asset management schemes are recognised to the extent that it is highly probable that such recognition will not result in a significant revenue reversal in the future when the uncertainty associated with the quantum of management fees is subsequently resolve. Therefore, management fees of asset management schemes can only be recognised when they are determinable based on actual performance measurement.

As at 31 December 2024, the Group expected that performance obligations would be satisfied within one year for most existing contracts.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

7. Interest Income Under Effective Interest Method

	2024	2023
	RMB'000	RMB'000
Interest income from margin financing	527,528	557,854
Interest income from bank deposits and clearing settlement funds	364,443	331,433
Interest income from financial assets held under resale agreements	188,921	181,447
Interest income from debt instruments at fair value through other comprehensive income	140,626	259,542
	1,221,518	1,330,276

8. Net Investment Gains

	2024	2023
	RMB'000	RMB'000
Realised gains from disposal of financial assets at fair value through profit or loss	317,173	357,281
Realised gains/(losses) from disposal of financial liabilities at fair value through profit or loss	502	(306)
Realised gains from disposal of debt instruments at fair value through other comprehensive income	27,173	10,055
Net realised gains/(losses) from derivative financial instruments	302,789	(879,790)
Interest income from financial assets at fair value through profit or loss	811,111	704,221
Dividends from financial assets at fair value through profit or loss	131,334	66,439
Dividend income from equity instruments at fair value through other comprehensive income (note)	363,654	308,540
Distribution to interest holders of consolidated structured entities	–	12
Unrealised fair value change of financial instruments at fair value through profit or loss		
– Financial assets at fair value through profit or loss	(80,923)	(228,162)
– Derivative financial instruments	(832,309)	945,664
– Financial liabilities at fair value through profit or loss	(64,293)	(40,491)
	976,211	1,243,463

Note: During the year ended 31 December 2024, the dividend income from equity instruments at fair value through other comprehensive income relating to the investments derecognised during the year and held at the end of the reporting period are RMB5,830 thousand and RMB357,824 thousand respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

9. Other Income

	2024	2023
	RMB'000	RMB'000
Rental income	8,000	5,755
Others	5,340	786
	13,340	6,541

10. Commission and Fee Expenses

	2024	2023
	RMB'000	RMB'000
Securities brokerage	198,658	193,269
Underwriting and sponsorship	11,657	25,259
Investment consultancy and financial advisory	–	2,267
Others	10,201	30,322
	220,516	251,117

11. Interest Expenses

	2024	2023
	RMB'000	RMB'000
Interest expense on bonds in issue	830,403	796,881
Interest expense on financial assets sold under repurchase agreements	379,342	382,566
Interest expense on accounts payable to brokerage clients	20,841	24,236
Interest expenses on due to financial institutions	81,963	36,872
Interest expense on lease liabilities	8,920	8,268
	1,321,469	1,248,823

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

12. Staff Costs (Including Directors' and Supervisors' Remuneration)

	2024	2023
	RMB'000	RMB'000
Salaries and bonus	1,057,439	1,060,264
Pension	186,088	168,461
Other social security	120,130	105,929
Labour union funds and employee education funds	15,129	10,801
Other welfares	43,282	31,615
	1,422,068	1,377,070

The Group has provided a pension plan for full-time employees in Mainland China as required by the government, including basic pension insurance and corporate annuity plan. Namely, the Group pays endowment insurance premiums to the social insurance institution designated by the government on a monthly basis, which account for a certain percentage of the total salaries of the staff. After the retirement of the employees, the government is obliged to pay the pensions to them. According to the aforesaid defined contribution plan, the Group shall not be liable for the post-retirement benefits beyond the above contributions. Contributions to the plan will be included in the cost at the time of occurrence.

In addition, the Group provides relevant defined contribution plan for its qualified employees outside of Mainland China in accordance with local labour laws.

The Group did not forfeit any retirement benefit plan contributions, and there are no forfeited contributions under the Group's retirement benefit plans that can be used to deduct the contributions payable in future years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

12. Staff Costs (Including Directors' and Supervisors' Remuneration) – continued

12.1 The five highest paid individuals

The five highest paid employees of the Group during the year included nil director (2023: one director), details of whose remuneration are set out in Note 12.2. Details of the remuneration accrued and paid during the year of the remaining five (2023: four) highest paid employees who are neither a director nor supervisor of the Company are as follows:

	2024	2023
	RMB'000	RMB'000
Salaries, allowances and other welfares	8,521	7,107
Bonus	13,128	13,875
	21,649	20,982

During the year ended 31 December 2024, the Company paid accrued remuneration which was deferred to 2024 in previous years to the remaining five (2023: four) highest paid employees amounted to RMB942 thousand (During the year ended 2023: RMB6,065 thousand).

The number of the highest paid employees who are not the directors of the Company is as follows:

	Number of employees	
	2024	2023
	RMB'000	RMB'000
RMB3,000,001 to RMB5,000,000	1	1
RMB5,000,001 to RMB7,000,000	4	1
RMB7,000,001 to RMB10,000,000	–	2
	5	4

The Group has not provided any compensations to any of the directors and supervisors of the Company or the five highest paid individuals as incentive for them to join the Group, rewarding for joining the Group or for leaving the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

12. Staff Costs (Including Directors' and Supervisors' Remuneration) – continued

12.2 Directors' and supervisors' emoluments

The remuneration of directors and supervisors of the Company is set out below:

For the year ended 31 December 2024

Names	Fees RMB'000	Salaries RMB'000	Housing allowance RMB'000	Pension RMB'000	Other welfares RMB'000	Annual bonus RMB'000	Total RMB'000
Executive director							
Ge Xiaobo (Chairman)	–	961	50	66	100	474	1,651
Non-executive directors							
Hua Weirong	–	–	–	–	–	–	–
Zhou Weiping	–	–	–	–	–	–	–
Wu Weihua	–	–	–	–	–	–	–
Li Suo	–	–	–	–	–	–	–
Liu Hailin	–	–	–	–	–	–	–
Independent non-executive directors							
Wu Xingyu ⁽²⁾	180	–	–	–	–	–	180
Chu, Howard Ho Hwa	180	–	–	–	–	–	180
Gao Wei	180	–	–	–	–	–	180
Guo Chunming ⁽¹⁾	–	–	–	–	–	–	–
Supervisors							
Xu Faliang	–	360	16	15	34	54	479
Xu Kan	–	–	–	–	–	–	–
Xu Jingyan	–	–	–	–	–	–	–
Xue Chunfang ⁽³⁾	–	270	21	20	36	–	347
Wu Lingyun	–	407	49	47	44	100	647
Zhou Min	–	337	49	47	42	100	575
	540	2,335	185	195	256	728	4,239

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

12. Staff Costs (Including Directors' and Supervisors' Remuneration) – continued

12.2 Directors' and supervisors' emoluments – continued

The remuneration of directors and supervisors of the Company is set out below: – continued

For the year ended 31 December 2023

Names	Fees RMB'000	Salaries RMB'000	Housing allowance RMB'000	Pension RMB'000	Other welfares RMB'000	Annual bonus RMB'000	Total RMB'000
Executive director							
Ge Xiaobo (Chairman)	–	960	47	63	115	1,920	3,105
Non-executive directors							
Hua Weirong	–	–	–	–	–	–	–
Zhou Weiping	–	–	–	–	–	–	–
Wu Weihua	–	–	–	–	–	–	–
Li Suo	–	–	–	–	–	–	–
Liu Hailin	–	–	–	–	–	–	–
Independent non-executive directors							
Wu Xingyu ⁽²⁾	180	–	–	–	–	–	180
Chu, Howard Ho Hwa	180	–	–	–	–	–	180
Gao Wei	180	–	–	–	–	–	180
Supervisors							
Xu Faliang	–	720	46	46	115	540	1,467
Xu Kan	–	–	–	–	–	–	–
Xu Jingyan	–	–	–	–	–	–	–
Wu Lingyun	–	378	46	46	50	160	680
Zhou Min	–	307	46	46	36	250	685
	540	2,365	185	201	316	2,870	6,477

⁽¹⁾ Appointed as independent non-executive director on 31 December 2024.

⁽²⁾ Retired as independent non-executive director on 31 December 2024.

⁽³⁾ Appointed as supervisors on 19 June 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

12. Staff Costs (Including Directors' and Supervisors' Remuneration) – continued

12.3 Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company. The non-executive directors' emoluments shown above were for their services as directors of the Company.

In addition to the directors' remuneration disclosed above, certain directors are not paid directly by the Company but receive remuneration from the Company's holding company, in respect of their services to the larger group which includes the Company and its subsidiaries. No apportionment has been made as the qualifying services provided by these directors to the Company and its subsidiaries are incidental to their responsibilities to the larger group.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

13. Depreciation and Amortisation

	2024	2023
	RMB'000	RMB'000
Depreciation of property and equipment	42,073	39,563
Amortisation of intangible assets	105,978	96,108
Amortisation of long-term prepaid expense	25,161	23,282
Depreciation of right-of-use assets	133,024	111,579
	306,236	270,532

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

14. Other Operating Expenses

	2024	2023
	RMB'000	RMB'000
Auditor's remuneration	3,200	3,840
Consulting expenses	36,562	39,750
Marketing and distribution expenses	94,541	84,850
Office expenses	102,986	85,555
Postage and communication expenses	66,955	63,252
Professional service expenses	23,542	12,904
Property management expenses	24,887	21,872
Rentals	2,349	2,877
Sales service fee	77,161	42,403
Securities investors protection fund	10,078	12,528
Tax and surcharges	21,312	19,846
Travelling expenses	55,788	62,149
Others	95,560	72,826
	614,921	524,652

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

15. Reversal of Impairment Losses under Expected Credit Loss Model, Net

	2024	2023
	RMB'000	RMB'000
Margin accounts receivable	1,890	3,224
Accounts receivable and other receivables	569	(666)
Financial assets held under resale agreements	10,497	11,903
Debt instruments at fair value through other comprehensive income	7,500	14,137
	20,456	28,598

16. Other Gains, Net

	2024	2023
	RMB'000	RMB'000
Foreign exchange (losses)/gains	(1,653)	635
Government grants (Note 1)	20,326	22,454
Others	2,363	81,384
	21,036	104,473

Note 1: During the current year, the Group recognised government grants of RMB20,326 thousand (2023: RMB22,454 thousand) mainly in respect of the allowance for bank and securities broker companies, the purpose of which is for the company to strengthen its contribution the local economy.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

17. Income Tax Credit/(Expense)

	2024 RMB'000	2023 RMB'000
Current income tax (expense)/credit		
– Mainland China	(79,552)	68,825
Over/(under) provision in prior years		
– Mainland China	618	(4,937)
Deferred taxation		
– Mainland China (Note 31)	112,486	(214,143)
– Hong Kong, China (Note 31)	(123)	(612)
	112,363	(214,755)
Income tax credit/(expense)	33,429	(150,867)

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Hong Kong Profits tax is calculated at 16.5% on the estimated assessable profit for both years. Hong Kong Profits tax has not been provided as the Group did not incur assessable profits for both years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

17. Income Tax Credit/(Expense) – continued

As at 31 December 2024, the Group had unused tax losses of approximately RMB62,769 thousand (2023: RMB47,167 thousand). Estimated tax losses amounted to RMB44,254 thousand has no expiry date and can be carried forward indefinitely subject to the approval of the Inland Revenue Department, estimated tax losses amounted to RMB6,273 thousand, RMB3,525 thousand and RMB8,718 thousand will be expired by 2027, 2028 and 2029, respectively. As at 31 December 2024, the Group had estimated temporary difference of approximately RMB39,318 thousand (2023: RMB63,507 thousand). No deferred tax assets has been recognised in respect of estimated tax losses and temporary difference as it is uncertain whether sufficient future taxable profits will be available in the future to offset the amount.

The taxation for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 RMB'000	2023 RMB'000
Profit before income tax	372,805	825,417
Tax calculated at applicable statutory tax rate	(93,201)	(206,354)
Effect of different tax rates of subsidiaries operating in other jurisdictions	369	1,542
Tax effect of income not taxable for tax purpose	137,487	82,173
Tax effect of expenses not deductible for tax purposes	(15,961)	(15,630)
Utilisation of tax losses previously not recognised	6,765	58
Tax effect of tax losses not recognised	(2,648)	(382)
Tax effect of deductible temporary differences not recognised	–	(7,337)
Over/(under) provision in respect of prior years	618	(4,937)
Income tax credit/(expense) for the year	33,429	(150,867)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

17. Income Tax Credit/(Expense) – continued

The following amounts relating to tax have been recognised in other comprehensive income:

	For the year ended 31 December 2024			For the year ended 31 December 2023		
	Before-tax amount	Tax		Before-tax amount	Tax	
		(expense)/ benefit	Net-of-tax amount		(expense)/ benefit	Net-of-tax amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Items that will not be reclassified to profit or loss:</i>						
Fair value gain on:						
– investments in equity instruments at fair value through other comprehensive income	1,070,743	(267,686)	803,057	303,919	(75,980)	227,939
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Fair value gain on:						
– debt instruments measured at fair value through other comprehensive income	61,538	(15,385)	46,153	167,614	(41,904)	125,710
– Impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss	(7,500)	1,875	(5,625)	(14,137)	3,534	(10,603)
– Release upon disposal reclassified to profit or loss	(36,231)	9,058	(27,173)	(13,407)	3,352	(10,055)
	1,088,550	(272,138)	816,412	443,989	(110,998)	332,991

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

18. Earnings Per Share

18.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2024	2023
	RMB'000	RMB'000
Profit attributable shareholders of the Company (RMB'000)	397,419	671,319
Weighted average number of ordinary shares in issue (in thousand)	2,831,773	2,831,773
Basic earnings per share (in RMB)	0.14	0.24

18.2 Diluted earnings per share

For the year ended 31 December 2024, there were no potential diluted ordinary shares, so the diluted earnings per share were the same as the basic earnings per share (2023: the same).

19. Dividends

	2024	2023
	RMB'000	RMB'000
Dividends recognised as distribution	402,112	–

Pursuant to the resolution of annual general meeting 2023, the Company declared 2023 final dividend of RMB0.142 (taxes inclusive) per share, in an aggregate amount of RMB402,112 thousand, satisfied by cash. (2023: No dividend was paid or proposed for ordinary shareholders of the Company.)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

19. Dividends – continued

Under the “Company Law” of the PRC, the Company’s Articles of Association and in accordance with the requirements of CSRC, the profit after income tax as reported in the PRC statutory financial statements can only be distributed as dividends after allowances for the following:

- (1) Making up cumulative losses from prior years, if any;
- (2) 10% of the Company’s profit is appropriated to the non-distributable statutory surplus reserve;
- (3) 10% of the Company’s profit is appropriated to the non-distributable general reserve;
- (4) 10% of the Company’s profit is appropriated to the non-distributable transaction risk reserve;
- (5) 10% of the Company’s management fee income from the large aggregate asset management plan is appropriated to the non-distributable transaction risk reserve;
- (6) Appropriations to the discretionary surplus reserve with approval from the General Meeting of Shareholders. These funds form part of the shareholders’ equity.

In accordance with the relevant regulations, upon the occurrence of certain events, the net profit after tax of the Group for the purpose of profit distribution is deemed to be the lesser of (1) the retained earnings determined in accordance with the People’s Republic of China Generally Accepted Accounting Principles (“PRC GAAP”) and (2) the retained earnings determined in accordance with IFRSs.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

20. Property and Equipment

	Buildings	Electronics and other equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost				
1 January 2024	107,264	289,559	4,711	401,534
Additions	–	41,894	–	41,894
Disposals	–	(28,869)	–	(28,869)
Exchange differences	–	7	–	7
31 December 2024	107,264	302,591	4,711	414,566
Accumulated depreciation				
1 January 2024	(77,394)	(218,294)	(4,108)	(299,796)
Provided for the year	(3,973)	(37,952)	(148)	(42,073)
Disposals	–	28,432	–	28,432
Exchange differences	–	(3)	–	(3)
31 December 2024	(81,367)	(227,817)	(4,256)	(313,440)
Carrying amount				
1 January 2024	29,870	71,265	603	101,738
31 December 2024	25,897	74,774	455	101,126

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

20. Property and Equipment – continued

	Buildings	Electronics and other equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost				
1 January 2023	130,044	241,681	4,592	376,317
Additions	15,180	46,538	–	61,718
Acquisition of subsidiaries (Note 60)	–	9,114	518	9,632
Disposals	(37,960)	(7,777)	(399)	(46,136)
Exchange differences	–	3	–	3
31 December 2023	107,264	289,559	4,711	401,534
Accumulated depreciation				
1 January 2023	(97,793)	(192,831)	(4,253)	(294,877)
Provided for the year	(6,469)	(32,840)	(254)	(39,563)
Disposals	26,868	7,379	399	34,646
Exchange differences	–	(2)	–	(2)
31 December 2023	(77,394)	(218,294)	(4,108)	(299,796)
Carrying amount				
1 January 2023	32,251	48,850	339	81,440
31 December 2023	29,870	71,265	603	101,738

For the year ended 31 December 2024, losses from disposal of property and equipment amounted to RMB394 thousand (2023: Gains from disposal of property and equipment amounted to RMB80,305 thousand).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

21. Right-of-Use Assets

	Buildings	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000
Cost			
1 January 2024	561,894	1,741	563,635
Additions	150,830	721	151,551
Disposals	(266,444)	(1,131)	(267,575)
Exchange difference	273	–	273
31 December 2024	446,553	1,331	447,884
Accumulated depreciation			
1 January 2024	(335,121)	(1,050)	(336,171)
Provided for the year	(132,343)	(682)	(133,025)
Disposals	261,547	1,131	262,678
Exchange difference	(213)	–	(213)
31 December 2024	(206,130)	(601)	(206,731)
Carrying amount			
1 January 2024	226,773	691	227,464
31 December 2024	240,423	730	241,153

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

21. Right-of-Use Assets – continued

	Buildings	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000
Cost			
1 January 2023	440,252	2,670	442,922
Additions	123,538	1,021	124,559
Acquisition of subsidiaries (Note 60)	62,577	35	62,612
Disposals	(64,651)	(1,985)	(66,636)
Exchange difference	178	–	178
31 December 2023	561,894	1,741	563,635
Accumulated depreciation			
1 January 2023	(284,546)	(2,455)	(287,001)
Additions	(111,051)	(528)	(111,579)
Disposals	60,573	1,933	62,506
Exchange difference	(97)	–	(97)
31 December 2023	(335,121)	(1,050)	(336,171)
Carrying amount			
1 January 2023	155,706	215	155,921
31 December 2023	226,773	691	227,464

21. Right-of-Use Assets – continued

The Group leases various buildings and vehicles for its operations. Lease contracts are entered into for term of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

For the year ended 31 December 2024, total cash outflow for leases amounts to RMB141,794 thousand (2023: RMB123,437 thousand).

For the year ended 31 December 2024, expense relating to short-term leases amounts to RMB1,752 thousand (2023: RMB2,589 thousand). Expense relating to leases of low value assets excluding short-term leases of low value assets amounts to RMB597 thousand (2023: RMB288 thousand).

As at 31 December 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in Note 14 (31 December 2023: the same).

In addition, as at 31 December 2024, lease liabilities of RMB241,061 thousand (31 December 2023: RMB230,084 thousand) are recognised with related right-of-use assets of RMB241,153 thousand (31 December 2023: RMB227,464 thousand) (Note 42). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

During the year ended 31 December 2024, the Group entered into new lease agreements and recognised lease liabilities and right-of-use assets of approximately RMB141,502,000.

As at 31 December 2024, the Group did not enter into any lease that is not yet commenced (31 December 2023: the same).

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For the year ended 31 December 2024

22. Goodwill

	Guolian Fund RMB'000	Securities branches RMB'000	Total RMB'000
Cost			
As at 1 January 2024 and 31 December 2024	1,142,579	10,316	1,152,895
Impairment losses			
As at 1 January 2024 and 31 December 2024	–	(10,316)	(10,316)
Carrying amount			
As at 1 January 2024 and 31 December 2024	1,142,579	–	1,142,579

	Guolian Fund RMB'000	Securities branches RMB'000	Total RMB'000
Cost			
As at 1 January 2023	–	10,316	10,316
Acquisition through business combination (Note 60)	1,142,579	–	1,142,579
As at 31 December 2023	1,142,579	10,316	1,152,895
Impairment losses			
As at 1 January 2023	–	(10,316)	(10,316)
As at 31 December 2023	–	(10,316)	(10,316)
Carrying amount			
As at 1 January 2023	–	–	–
As at 31 December 2023	1,142,579	–	1,142,579

22. Goodwill – continued

In 2023, the Group acquired 75.50% of Guolian Fund. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of Guolian Fund.

Impairment testing on goodwill

The cash flows generated from Guolian Fund acquired is independent. Therefore, Guolian Fund is a separate CGU.

In terms of the goodwill acquired from Guolian Fund, impairment should be assessed annually. The recoverable amount is the higher of a CGU's fair value less cost of disposal and its value in use.

As at 31 December 2024, the recoverable amount of the CGU is determined based on fair value less cost of the disposal as Level 3 according to the principle set out in Note 3.2. The comparable public offering fund companies were chosen based on factors such as market segments, company size, relative risk profile etc. In additions, the fair values of each comparables were based on market transaction price undertaken, estimated costs of disposal and reference to Price to Asset Under Management ("P/AUM") index.

Market comparison approach (Level 3):

Estimated costs of disposal	1.5% of fair value
P/AUM index	Range from 2.05% to 14.91%

The higher the cost of disposal adjustment factor, the lower the fair value, and vice versa. The higher P/AUM index, the higher the fair value, and vice versa.

As at 31 December 2023, the recoverable amount of the CGU was determined based on value-in-use calculations. These calculations used cash flow projections with reference to financial budgets approved by management covering certain period. Cash-flows beyond the certain period were extrapolated using an estimated weighted average growth rate, which did not exceed the long-term average growth rate. The forecast period was 5 years the pre-tax discount rate used by the fund management CGU was 15.60%, and the terminal value growth rate was 2.00%. The pre-tax discount rate and weighted average growth rate reflected the risks and growth expectations of the relevant CGUs. Other major assumptions for the recoverable amount estimation related to the estimation of cash inflows/outflows which included budgeted income and profit margins. Such estimation was based on the CGU's past performance and management's expectations for the market development.

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For the year ended 31 December 2024

22. Goodwill – continued

Impairment testing on goodwill – continued

The model and key assumptions the management used for the determination of recoverable amount were aligned with the model and key assumptions used in the determination of acquisition price. As at 31 December 2024 and 2023, the recoverable amount of Guolian fund exceeded its carrying amount, and no impairments were recognised for the goodwill. The management continuously monitored the model and key assumptions used for the impairment testing.

23. Intangible Assets

	Trading rights RMB'000	Computer software RMB'000	Customer relationships RMB'000	Total RMB'000
Cost				
1 January 2024	600	404,477	466,294	871,371
Additions	–	74,188	–	74,188
Disposals	–	(184)	–	(184)
31 December 2024	600	478,481	466,294	945,375
Accumulated amortisation				
1 January 2024	(600)	(304,995)	(20,724)	(326,319)
Provided for the year	–	(74,892)	(31,086)	(105,978)
Disposals	–	183	–	183
31 December 2024	(600)	(379,704)	(51,810)	(432,114)
Carrying amount				
1 January 2024	–	99,482	445,570	545,052
31 December 2024	–	98,777	414,484	513,261

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

23. Intangible Assets – continued

	Trading rights RMB'000	Computer software RMB'000	Customer relationships RMB'000	Total RMB'000
Cost				
1 January 2023	600	295,219	–	295,819
Additions	–	84,020	–	84,020
Acquisition of subsidiaries (Note 60)	–	25,238	466,294	491,532
31 December 2023	600	404,477	466,294	871,371
Accumulated amortisation				
1 January 2023	(600)	(229,611)	–	(230,211)
Provided for the year	–	(75,384)	(20,724)	(96,108)
31 December 2023	(600)	(304,995)	(20,724)	(326,319)
Carrying amount				
1 January 2023	–	65,608	–	65,608
31 December 2023	–	99,482	445,570	545,052

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24. Principal Subsidiaries

General information of principal subsidiaries

The following were principal subsidiaries of the Group as at 31 December 2024. The equity interests in these subsidiaries were all ordinary shares held by the Company and the percentage of ownership held by the Group represented the voting rights of the Group. The registered addresses of the principal subsidiaries are also their business locations, except for Guolian Fund Management Co., Ltd. where the business location is Beijing. None of the subsidiaries had issued any debt securities at 31 December 2024 and 2023, respectively.

Name of subsidiaries	Type of legal entity registered	Date of establishment	Place of registration	Registered capital (in thousand)	Equity interests held by the Group		Principal activities
					31 December 2024	31 December 2023	
Guolian Fund Management Co., Ltd.	Limited liability company	May 2013	Shenzhen, China	RMB750,000	75.50%	75.50%	Fund raising, fund sales, specific customer asset management and asset management
Guolian (Beijing) Asset Management Co., Ltd.	Limited liability company	September 2013	Beijing, China	RMB200,000	75.50%	75.50%	Asset management
Hua Ying Securities Co., Ltd.	Limited liability Company	April 2011	Wuxi, China	RMB200,000	100.00%	100.00%	Underwriting and sponsor
Guolian Tongbao Capital Investment Co., Ltd.	Limited liability company	January 2010	Wuxi, China	RMB600,000	100.00%	100.00%	Equity investment
Wuxi Guolian Chuangxin Capital Co., Ltd.	Limited liability company	July 2019	Wuxi, China	RMB500,000	100.00%	100.00%	Capital investment
Guolian Securities (H.K.) Co., Ltd.	Limited liability company	April 2020	Hong Kong, China	HKD300,000	100.00%	100.00%	Securities investment, consulting and asset management
Guolian Securities International Capital Co., Ltd.	Limited liability company	April 2020	Hong Kong, China	HKD30,000	100.00%	100.00%	Securities brokerage and investment consultation
Guolian Securities International Capital Market Co., Ltd.	Limited liability company	April 2020	Hong Kong, China	HKD10,000	100.00%	100.00%	Investment banks corporate finance
Guolian Securities International Asset Management Co., Ltd.	Limited liability company	April 2020	Hong Kong, China	HKD5,000	100.00%	100.00%	Asset management
Guolian Securities International Co., Ltd.	Limited liability company	April 2020	Hong Kong, China	HKD8,000	100.00%	100.00%	Investment

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24. Principal Subsidiaries – continued

General information of principal subsidiaries – continued

Name of subsidiaries	Type of legal entity registered	Date of establishment	Place of registration	Registered capital (in thousand)	Equity interests held by the Group		Principal activities
					31 December 2024	31 December 2023	
Guolian Global Capital Limited	Limited liability company	January 2021	British Virgin Islands	USD0.001	100.00%	100.00%	Offshore investment management platform
Guolian Securities Global Investment SPC	Limited liability company	January 2021	Cayman Islands	USD0.001	100.00%	100.00%	Offshore private equity fund
Guolian Global Investment Management Co., Limited	Limited liability company	January 2021	British Virgin Islands	USD0.001	100.00%	100.00%	Offshore investment management platform
Guolian Securities Global Equity Select SPC	Limited liability company	January 2021	Cayman Islands	USD0.001	100.00%	100.00%	Offshore private equity fund
Guolian Securities Asset Management Co., Ltd.	Limited liability company	September 2023	Qingdao, China	RMB1,000,000	100.00%	100.00%	Asset management

25. Interests in an Associate and a Joint Venture

Set out below is the associate of the Group as at 31 December 2024. Investment in an associate as listed below is held directly by the Company; the country of incorporation or registration is also their principal place of business.

	2024	2023
	RMB'000	RMB'000
Cost of investment in an associate, unlisted	126,634	126,634
Share of post-acquisition losses and other comprehensive expense	(49,264)	(50,854)
	77,370	75,780

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25. Interests in an Associate and a Joint Venture – continued

Details of investment in an associate as at 31 December 2024 and 31 December 2023

	Place of business/ country of incorporation	% of ownership interest		Measurement method
		2024/12/31	2023/12/31	
Zhonghai Fund Management Co., Ltd.	China	33.409%	33.409%	Equity

Zhonghai Fund Management Co., Ltd., invested by the Company, provides funds distribution, asset management and other services authorised by the CSRC.

The entity is a private company and there is no quoted market price available for the shares.

There are no contingent liabilities relating to the Group's interest in an associate.

	2024 RMB'000	2023 RMB'000
Balance at beginning of the year	75,780	96,806
Share of profit/(loss)	1,590	(21,026)
Balance at end of the year	77,370	75,780

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25. Interests in an Associate and a Joint Venture – continued

Details of investment in an associate as at 31 December 2024 and 31 December 2023 – continued

The results of the Group's principal associate, and its aggregated assets (including goodwill) and liabilities, are as follows:

	Zhonghai Fund Management Co., Ltd.	
	2024	2023
	RMB'000	RMB'000
Total assets	310,000	293,549
Total liabilities	68,534	58,023
Net assets	241,466	235,526
Revenue	124,686	136,753
Profit/(loss) for the year	3,651	(69,652)
Total comprehensive income/(expense)	3,651	(69,652)
Net assets of the associate attributable to the Group	231,585	226,824
The Group's share of net assets of the associate	77,370	75,780
Carrying amount in the consolidated financial statements	77,370	75,780

Reconciliation of the above consolidated financial statements to the carrying amount of the interests in the above associate recognised in the consolidated financial statements:

	Zhonghai Fund Management Co., Ltd.	
	2024/12/31	2023/12/31
	RMB'000	RMB'000
Equity attributable to equity holders of the associate	231,585	226,824
Proportion of equity interests held by the Group	33.409%	33.409%
Carrying amount	77,370	75,780

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26. Equity Investments at Fair Value through Other Comprehensive Income

Non-current assets

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Equity securities (note)	5,200,853	3,600,396
Analysed as:		
Listed in Hong Kong	4,597,206	3,050,472
Listed outside Hong Kong	603,647	549,924
	5,200,853	3,600,396

Note: The above equity investments include common stocks and perpetual bonds of entities listed on the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited. These investments are not held for trading, but for long-term strategic purposes. The Group has chosen to designate these investments as equity instruments measured at fair value with changes included in other comprehensive income because they believe that the short-term fluctuations in the fair value of such investments recognised in profit or loss will be different from the Group's strategy of holding such investments for long-term purposes, so their performance potential will be recognised from a long-term perspective (31 December 2023: Same).

As a result of the change of investment strategies, the Group disposed certain equity instrument at fair value through other comprehensive income, and the corresponding losses of RMB722 thousand was reclassified from revaluation reserve to retained earnings (the corresponding losses of 2023 amounted RMB11,907 thousand).

As at 31 December 2024, the equity instruments at fair value through other comprehensive income amounted to RMB164,963 thousand were collateralised for repurchase agreements. (2023: No equity instruments were collateralised for securities lending).

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For the year ended 31 December 2024

27. Debt Instruments at Fair Value through Other Comprehensive Income

Non-current assets

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Analysed by type of issuers:		
Government	2,036,214	2,286,777
Financial institutions	–	50,692
Corporate entities	1,142,175	2,260,583
	3,178,389	4,598,052
Analysed as:		
Listed outside Hong Kong	279,435	1,421,177
Unlisted	2,898,954	3,176,875
	3,178,389	4,598,052
Expected credit losses	(21,705)	(9,368)

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27. Debt Instruments at Fair Value through Other Comprehensive Income – continued

Current assets

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Analysed by type of issuers:		
Government	227,619	–
Financial institutions	–	504,571
Corporate entities	2,155,028	1,980,734
	2,382,647	2,485,305
Analysed as:		
Listed outside Hong Kong	3,050	407,759
Unlisted	2,379,597	2,077,546
	2,382,647	2,485,305
Expected credit losses	(1,938)	(21,775)

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27. Debt Instruments at Fair Value through Other Comprehensive Income – continued

As at 31 December 2024, the fair value of securities of the Group which have been placed as collateral for financial assets sold under repurchase agreements was RMB4,479,578 thousand (31 December 2023: RMB3,894,226 thousand), for bond lending was RMB742,463 thousand (31 December 2023: RMB1,988,276 thousand).

The following table shows reconciliation of loss allowances that have been recognised for debt instruments at fair value through other comprehensive income.

	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL (not credit- impaired) RMB'000	Stage 3 Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2024	(13,421)	–	(17,722)	(31,143)
Changes in the loss allowances:				
– Credited/(charged) to profit or loss	7,571	–	(71)	7,500
As at 31 December 2024	(5,850)	–	(17,793)	(23,643)

	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL (not credit- impaired) RMB'000	Stage 3 Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2023	(27,496)	–	(17,784)	(45,280)
Changes in the loss allowances:				
– Credited to profit or loss	14,075	–	62	14,137
As at 31 December 2023	(13,421)	–	(17,722)	(31,143)

The table below details the credit risk exposures of the debt instruments at fair value through other comprehensive income, which are subject to ECL assessment.

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27. Debt Instruments at Fair Value through Other Comprehensive Income – continued

Gross carrying amount

	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL (not credit- impaired) RMB'000	Stage 3 Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 31 December 2024	5,557,702	–	3,334	5,561,036
As at 31 December 2023	7,078,953	–	4,404	7,083,357

28. Financial Assets at Fair Value through Profit or Loss

Non-current assets

	2024/12/31 RMB'000	2023/12/31 RMB'000
Financial assets mandatorily measured at fair value through profit or loss		
Investments in unlisted companies	862,291	722,466
Investment funds	114,099	97,303
Equity securities	–	23,815
Total non-current assets	976,390	843,584
Analysed as:		
Listed outside Hong Kong	–	23,815
Unlisted	976,390	819,769
	976,390	843,584

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28. Financial Assets at Fair Value through Profit or Loss – continued

Current assets

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Financial assets mandatorily measured at fair value through profit or loss		
Debt securities	23,247,686	22,265,867
Equity securities	1,976,096	3,275,558
Investment funds	4,379,636	4,652,032
Assets backed securities	1,947,034	1,419,047
Trust schemes	873,990	893,790
Collective asset management schemes	1,090,216	438,894
Private equity funds	883,023	4,507,795
Commercial papers	556,473	–
Wealth management products	1,990,107	730,676
Total current assets	36,944,261	38,183,659
Analysed as:		
Listed in Hong Kong	62,118	244,776
Listed outside Hong Kong	9,052,412	11,985,454
Unlisted	27,829,731	25,953,429
	36,944,261	38,183,659

As at 31 December 2024, financial assets at fair value through profit or loss collateralised for repurchase arrangements, securities lending, margin and securities refinancing business and futures account deposits amounted to RMB14,519,420 thousand (31 December 2023: RMB13,764,310 thousand), RMB451,211 thousand (31 December 2023: RMB773,278 thousand), Nil (31 December 2023: RMB91,041 thousand) and RMB1,207,581 thousand (31 December 2023: RMB1,432,021 thousand), respectively.

As at 31 December 2024, the fair value of investment funds and trust schemes which was in the lock-up period and the fair value of interests in structured entities, of which the redemption was restricted due to the Group's participation in the schemes which were managed by the Group, was RMB115,115 thousand (31 December 2023: RMB399,506 thousand).

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29. Financial Assets Held under Resale Agreements

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Non-current assets		
Analysed by asset type:		
– Equity securities	–	200,336
Less: Impairment allowance	–	–
	–	200,336
Analysed by market:		
– Shenzhen Stock Exchange	–	200,336
Current assets		
Analysed by asset type:		
– Equity securities	1,332,231	1,132,464
– Debt securities	9,142,607	3,975,465
Less: impairment allowance	(1,231)	(1,351)
	10,473,607	5,106,578
Analysed by market:		
– Interbank market	1,449,781	2,439,261
– Shanghai Stock Exchange	7,871,096	1,850,290
– Shenzhen Stock Exchange	1,152,730	817,027
	10,473,607	5,106,578

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29. Financial Assets Held under Resale Agreements – continued

The Group received equity securities and debt securities as collateral in connection with the purchase of assets under resale agreements amounted to RMB16,247,350 thousand (2023: RMB6,951,066 thousand). Certain of these collateral can be resold or re-pledged. As at 31 December 2024, there is no collateral accepted by the Group that can be resold or re-pledged for financial assets sold under repurchase agreements. (31 December 2023: the same).

The following tables show reconciliation of loss allowances that has been recognised for financial assets held under resale agreements.

	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL (not credit- impaired) RMB'000	Stage 3 Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2024	(1,351)	–	–	(1,351)
Changes in the loss allowance				
– Credited/(charged) to profit or loss	714	(594)	10,377	10,497
– Others	–	–	(10,377)	(10,377)
As at 31 December 2024	(637)	(594)	–	(1,231)

	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL (not credit- impaired) RMB'000	Stage 3 Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2023	(8,536)	–	–	(8,536)
Changes in the loss allowance				
– Credited to profit or loss	7,185	–	4,718	11,903
– Others	–	–	(4,718)	(4,718)
As at 31 December 2023	(1,351)	–	–	(1,351)

The tables below details the credit risk exposures of the Group's financial assets held under resale agreements, which are subject to ECL assessment.

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29. Financial Assets Held under Resale Agreements – continued

Gross carrying amount

	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL (not credit- impaired) RMB'000	Stage 3 Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 31 December 2024	10,434,576	40,262	–	10,474,838
As at 31 December 2023	5,308,265	–	–	5,308,265

30. Derivative Financial Instruments

	2024/12/31			2023/12/31		
	Nominal value RMB'000	Assets RMB'000	Liabilities RMB'000	Nominal value RMB'000	Assets RMB'000	Liabilities RMB'000
Futures contracts ^(a)	12,500,205	–	–	12,579,432	–	–
Stock options	1,935,044	14,110	(13,736)	2,091,913	12,441	(17,208)
Commodity options	714,066	3,509	(2,570)	556,508	2,406	(897)
OTC options	9,435,536	684,198	(56,166)	14,421,343	1,604,521	(173,905)
Interest rate swaps	57,660,000	–	(30,226)	32,890,000	–	(10,288)
Return swaps	12,110,759	194,380	(259,476)	12,575,316	127,246	(245,345)
Credit default swap	50,000	26,257	–	50,000	629	–
Foreign exchange swaps ^(b)	–	–	–	31,894	–	–
Foreign exchange forward	35,949	736	(4,091)	–	–	–
	94,441,559	923,190	(366,265)	75,196,406	1,747,243	(447,643)

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30. Derivative Financial Instruments – continued

Analysed for reporting purpose as:

	2024/12/31		2023/12/31	
	Assets RMB'000	Liabilities RMB'000	Assets RMB'000	Liabilities RMB'000
Current	430,689	(299,611)	244,113	(286,066)
Non-current	492,501	(66,654)	1,503,130	(161,577)
	923,190	(366,265)	1,747,243	(447,643)

(a) Futures contracts

	2024/12/31		2023/12/31	
	Nominal value RMB'000	Fair value RMB'000	Nominal value RMB'000	Fair value RMB'000
Treasury futures	1,450,986	(2,133)	209,031	(40)
Stock index futures	9,568,457	(215,334)	11,705,993	(100,767)
Commodity futures	1,398,111	30,976	664,408	1,061
Foreign exchange futures	82,651	(700)	–	–
Less: cash paid as settlement		(187,191)		(99,746)
Net position of future contracts		–		–

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30. Derivative Financial Instruments – continued

(a) Futures contracts – continued

The future contracts of the Group represent treasury future contracts, commodity futures contracts, foreign exchange futures contracts and stock index futures contracts. The Group settles its gains or losses on treasury future contracts, commodity futures contracts, foreign exchange futures contracts and stock index futures (“SIF”) position on a daily basis.

(b) Foreign exchange swaps

	2024/12/31		2023/12/31	
	Nominal	Fair value	Nominal	Fair value
	value		value	
	RMB'000	RMB'000	RMB'000	RMB'000
Foreign exchange swaps	–	–	31,894	(6)
Less: cash paid as settlement		–		(6)
Net position of foreign exchange swaps		–		–

The Group settles its gains or losses on foreign exchange swaps position on a daily basis.

31. Deferred Tax Assets and Liabilities

- (1) For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Deferred tax assets	40,014	140,927
Deferred tax liabilities	(717,208)	(658,105)
	(677,194)	(517,178)

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31. Deferred Tax Assets and Liabilities – continued

(2) The gross movements in deferred tax assets and liabilities during the year are as follows:

	Impairment losses RMB'000	Changes in fair value of financial assets/ liabilities at fair value through profit or loss RMB'000	Changes in fair value of derivatives RMB'000	Debt instruments at fair value through other comprehensive income RMB'000	Equity instruments at fair value through other comprehensive income RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2023	6,947	(157,837)	(64,283)	31,916	(13,803)	125,743	(71,317)
(Charged)/credited to profit or loss	(2,457)	74,208	(236,121)	(3,534)	–	(46,851)	(214,755)
Charged to equity for the year	–	–	–	–	(3,968)	–	(3,968)
Charged to other comprehensive income	–	–	–	(35,018)	(75,980)	–	(110,998)
Acquisition of subsidiaries (Note 60)	–	(143)	–	–	–	(115,997)	(116,140)
As at 31 December 2023 and 1 January 2024	4,490	(83,772)	(300,404)	(6,636)	(93,751)	(37,105)	(517,178)
(Charged)/credited to profit or loss	(737)	56,653	206,794	(1,875)	–	(148,472)	112,363
Charged to equity for the year	–	–	–	–	(241)	–	(241)
Charged to other comprehensive income	–	–	–	(4,452)	(267,686)	–	(272,138)
As at 31 December 2024	3,753	(27,119)	(93,610)	(12,963)	(361,678)	(185,577)	(677,194)

32. Refundable Deposits

	2024/12/31 RMB'000	2023/12/31 RMB'000
Deposits with stock exchanges		
– Shanghai Stock Exchange	55,729	56,830
– Shenzhen Stock Exchange	43,176	45,452
– China Beijing Equity Exchange	2,707	1,820
Deposits with futures and commodities exchange	268,303	361,852
	369,915	465,954

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33. Other Non-Current Assets

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Margin deposits of derivative contracts	652,010	1,247,443
Long-term prepaid assets	60,737	62,733
Others	528	3,077
	713,275	1,313,253

	2024	2023
	RMB'000	RMB'000
Long-term prepaid assets:		
Balance at beginning of the year	62,733	39,617
Additions	23,165	39,716
Acquisition of subsidiaries	–	6,682
Amortisation	(25,161)	(23,282)
Balance at end of the year	60,737	62,733

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34. Other Current Assets

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Margin deposits of derivative contracts	1,394,240	952,894
Accounts receivable (Note i)	233,087	1,269,942
Other receivables (Note ii)	40,581	39,860
Dividend receivables	31,392	–
Prepaid expenses	22,341	36,186
Others	15,177	126,767
Less: Impairment allowance	(4,724)	(5,293)
	1,732,094	2,420,356

Note i: **Accounts receivable**

The aging analysis of accounts receivable based on the date of rendering services is as follows:

	2024/12/31		2023/12/31	
	Amount	Impairment allowance	Amount	Impairment allowance
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 1 year	227,825	(537)	1,268,054	(175)
1 to 2 years	4,624	(8)	1,250	–
More than 2 years	638	(638)	638	(638)
	233,087	(1,183)	1,269,942	(813)

In accordance with the requirements of IFRS 9, the Group adopts a simplified method to measure the expected credit loss for accounts receivable, that is, the Group always recognises lifetime ECL for accounts receivable. As at 31 December 2024, accounts receivable of the Group which are credit-impaired amount to RMB638 thousand, and the credit impairment allowance is RMB638 thousand (31 December 2023: accounts receivable of the Group which are credit-impaired amount to RMB638 thousand, and the credit impairment allowance is RMB638 thousand). As at 31 December 2024, the credit risk exposure of accounts receivable amounted to RMB233,615 thousand (31 December 2023: RMB1,273,019 thousand).

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34. Other Current Assets – continued

Note ii: Other receivables

Other receivables of the Group are mainly refundable rental deposits and government grants.

The tables below details the credit risk exposures of the Group's other receivables, which are subject to ECL assessment.

The following tables show reconciliation of loss allowances that has been recognised for other receivables.

	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL (not credit- impaired) RMB'000	Stage 3 Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2024	(430)	(2,112)	(1,938)	(4,480)
Changes in the loss allowance:				
– Transfer	236	475	(711)	–
– (Charged)/credited to profit or loss	(101)	(588)	1,628	939
As at 31 December 2024	(295)	(2,225)	(1,021)	(3,541)

	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL (not credit- impaired) RMB'000	Stage 3 Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2023	(684)	(1,199)	(2,012)	(3,895)
Changes in the loss allowance:				
– Transfer	83	(50)	(33)	–
– Credited/(charged) to profit or loss	171	(863)	107	(585)
As at 31 December 2023	(430)	(2,112)	(1,938)	(4,480)

Gross carrying amount

	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL (not credit- impaired) RMB'000	Stage 3 Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 31 December 2024	24,061	15,500	1,020	40,581
As at 31 December 2023	25,959	11,964	1,937	39,860

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35. Margin Accounts Receivable

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Margin accounts receivable	11,561,577	10,138,793
Less: impairment allowance	(10,240)	(12,130)
	11,551,337	10,126,663

Margin accounts are the funds the Group lends to the customers in margin financing and securities lending business. As at 31 December 2024, impairment allowance amounting to RMB10,240 thousand was provided (31 December 2023: RMB12,130 thousand).

Margin accounts receivable as at 31 December 2024 is secured by the customers' securities as collateral with undiscounted market value of approximately RMB32,116,950 thousand (31 December 2023: RMB26,958,557 thousand) and cash of RMB1,986,071 thousand (31 December 2023: RMB1,105,443 thousand).

The following tables show reconciliation of loss allowances that has been recognised for margin accounts receivable.

	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL (not credit- impaired) RMB'000	Stage 3 Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2024	(3,715)	(8,415)	–	(12,130)
Changes in the loss allowance:				
– Transfer	(2,539)	2,539	–	–
– (Charged)/credited to profit or loss	(864)	2,754	–	1,890
As at 31 December 2024	(7,118)	(3,122)	–	(10,240)

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35. Margin Accounts Receivable – continued

	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL (not credit- impaired) RMB'000	Stage 3 Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2023	(5,743)	(9,611)	–	(15,354)
Changes in the loss allowance:				
– Transfer	746	(746)	–	–
– Credited to profit or loss	1,282	1,942	–	3,224
As at 31 December 2023	(3,715)	(8,415)	–	(12,130)

The tables below details the credit risk exposures of the Group's margin accounts receivable, which are subject to ECL assessment.

Gross carrying amount

	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL (not credit- impaired) RMB'000	Stage 3 Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 31 December 2024	11,143,529	418,048	–	11,561,577
As at 31 December 2023	8,757,927	1,380,866	–	10,138,793

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For the year ended 31 December 2024

36. Clearing Settlements Funds

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Clearing settlement funds held for clients	3,144,540	1,714,960
Proprietary clearing settlement funds	2,075,712	2,264,000
	5,220,252	3,978,960

37. Cash Held for Brokerage Clients

The Group maintains separate banking accounts with banks and authorised institutions for clients' monies arising from the normal course of business. The Group records these monies as cash held for brokerage clients under current assets, and recognises them as due to clients given that they are held liable for any loss or appropriation of these monies. Cash held for brokerage clients for their transaction and settlement purposes is subject to regulatory oversight by third-party depository institutions as per CSRC or restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

38. Cash and Bank Balances

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Cash	–	4
Bank balances	4,315,613	3,165,719
	4,315,613	3,165,723

As at 31 December 2024, the restricted bank deposits of the Group were RMB782,023 thousand (31 December 2023: RMB720,043 thousand), mainly includes risk reserve deposits and custody funds.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

39. Share Capital

All shares issued by the Company are fully paid common shares, with a notional value of RMB1 per share. The number of shares and nominal value of the Company's share capital are as follows:

	Domestic share		H shares		Total	
	Number	Amount	Number	Amount	Number	Amount
	of shares		of shares		of shares	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Registered, issued and fully paid at RMB1.0 per share:						
At 1 January 2023 and						
31 December 2023 and						
31 December 2024	2,389,133	2,389,133	442,640	442,640	2,831,773	2,831,773

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40. Share Premium and Reserves

	Share premium RMB'000	Surplus reserve ⁽¹⁾ RMB'000	General risk reserve ⁽²⁾ RMB'000	Transaction risk reserve ⁽²⁾ RMB'000	Revaluation reserve RMB'000	Translation reserve RMB'000	Other reserve RMB'000	Total RMB'000
As at 1 January 2024	8,189,045	822,080	994,642	939,816	324,521	(3,329)	(14,817)	11,251,958
Appropriation to surplus reserve	-	25,000	-	-	-	-	-	25,000
Appropriation to general risk reserve	-	-	96,049	-	-	-	-	96,049
Appropriation to transaction risk reserve	-	-	-	29,254	-	-	-	29,254
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	722	-	-	722
Debt instruments at FVTOCI								
– Net fair value changes during the year	-	-	-	-	46,153	-	-	46,153
– Impairment loss for ECL	-	-	-	-	(5,625)	-	-	(5,625)
– Reclassification to profit or loss upon disposal	-	-	-	-	(27,173)	-	-	(27,173)
Equity instruments at FVTOCI								
– Net fair value changes during the year	-	-	-	-	803,057	-	-	803,057
Translation differences	-	-	-	-	-	3,924	-	3,924
As at 31 December 2024	8,189,045	847,080	1,090,691	969,070	1,141,655	595	(14,817)	12,223,319
As at 1 January 2023	8,189,045	763,323	930,646	881,059	(20,377)	(7,156)	(14,817)	10,721,723
Appropriation to surplus reserve	-	58,757	-	-	-	-	-	58,757
Appropriation to general risk reserve	-	-	63,996	-	-	-	-	63,996
Appropriation to transaction risk reserve	-	-	-	58,757	-	-	-	58,757
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	11,907	-	-	11,907
Debt instruments at FVTOCI								
– Net fair value changes during the year	-	-	-	-	125,710	-	-	125,710
– Impairment loss for ECL	-	-	-	-	(10,603)	-	-	(10,603)
– Reclassification to profit or loss upon disposal	-	-	-	-	(10,055)	-	-	(10,055)
Equity instruments at FVTOCI								
– Net fair value changes during the year	-	-	-	-	227,939	-	-	227,939
Translation differences	-	-	-	-	-	3,827	-	3,827
As at 31 December 2023	8,189,045	822,080	994,642	939,816	324,521	(3,329)	(14,817)	11,251,958

Notes to the Consolidated Financial Statements

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40. Share Premium and Reserves – continued

(1) Surplus reserve

Pursuant to the Company Law of the PRC, the Company's Articles of Association and resolutions of the Board, the Company is required to appropriate 10% of its profit net of the previous years' losses to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses, or converted into capital of the Company, provided that the balance of the statutory surplus reserve after such capitalization is not less than 25% of the registered capital immediately before capitalization.

(2) General risk reserve and transaction risk reserve

General reserve includes general risk reserve and transaction risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No.320) issued on 18 December 2007, the Company appropriates 10% of its profit to the general risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No.320) issued on 18 December 2007 and in compliance with the Securities Law, for the purpose of covering securities trading losses, the Company appropriates 10% from its profit to the transaction risk reserve and cannot be distributed or transferred to share capital.

Our company, in accordance with the "Interim Measures for the Supervision and Administration of Risk Reserves for Publicly Raised Securities Investment Funds", "Guiding Opinions on Standardizing Financial Institutions' Asset Management Business", and "Measures for the Management of Private Asset Management Business by Securities and Futures Operating Institutions", allocates risk reserves each month by setting aside 10% of the management fee income from fund management, 10% of the management fee income from collective asset management plans, and 10% of the management fee income from private asset management plans.

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41. Bonds in Issue

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Current		
Corporate bonds with fixed rate – 2024 ^(a)	–	999,849
Corporate bonds with fixed rate – 2024 ^(b)	–	1,499,844
Corporate bonds with fixed rate – 2024 ^(c)	–	1,000,000
Corporate bonds with fixed rate – 2024 ^(d)	–	1,000,000
Corporate bonds with fixed rate – 2024 ^(e)	–	1,500,000
Corporate bonds with fixed rate – 2024 ^(f)	–	2,600,000
Corporate bonds with fixed rate – 2025 ^(g)	1,000,000	–
Corporate bonds with fixed rate – 2025 ^(h)	1,100,000	–
Corporate bonds with fixed rate – 2025 ⁽ⁱ⁾	1,000,000	–
Subordinated bonds with fixed rate – 2025 ^(j)	1,000,000	–
Subordinated bonds with fixed rate – 2025 ^(k)	1,500,000	–
Income certificates ^(l)	15,000	250,000
Interest payable	388,157	443,384
	6,003,157	9,293,077
Non-current		
Corporate bonds with fixed rate – 2025 ^(g)	–	1,000,000
Corporate bonds with fixed rate – 2025 ^(h)	–	1,100,000
Corporate bonds with fixed rate – 2025 ⁽ⁱ⁾	–	1,000,000
Corporate bonds with fixed rate – 2026 ^(m)	2,000,000	2,000,000
Corporate bonds with fixed rate – 2026 ⁽ⁿ⁾	3,000,000	3,000,000
Corporate bonds with fixed rate – 2026 ^(o)	1,300,000	1,300,000
Corporate bonds with fixed rate – 2027 ^(p)	1,000,000	1,000,000
Corporate bonds with fixed rate – 2027 ^(q)	1,000,000	1,000,000
Corporate bonds with fixed rate – 2027 ^(r)	1,500,000	–
Corporate bonds with fixed rate – 2027 ^(s)	2,000,000	–
Corporate bonds with fixed rate – 2031 ^(t)	2,000,000	–
Subordinated bonds with fixed rate – 2025 ^(j)	–	1,000,000
Subordinated bonds with fixed rate – 2025 ^(k)	–	1,500,000
Subordinated bonds with fixed rate – 2026 ^(u)	1,000,000	1,000,000
Subordinated bonds with fixed rate – 2026 ^(v)	1,000,000	1,000,000
Subordinated bonds with fixed rate – 2027 ^(w)	1,499,720	–
Subordinated bonds with fixed rate – 2027 ^(x)	1,499,596	–
Income certificates ^(l)	–	125,000
	18,799,316	16,025,000
	24,802,473	25,318,077

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41. Bonds in Issue – continued

- a) On 15 March 2021, the Company issued RMB1,000,000 thousand of corporate bonds on Shanghai Stock Exchange with a term of 3 years and a fixed coupon rate of 3.70% paid annually.
- b) On 12 May 2021, the Company issued RMB1,500,000 thousand of corporate bonds on Shanghai Stock Exchange with a term of 3 years and a fixed coupon rate of 3.59% paid annually.
- c) On 28 June 2021, the Company issued RMB1,000,000 thousand of corporate bonds on Shanghai Stock Exchange with a term of 3 years and a fixed coupon rate of 3.65% paid annually.
- d) On 30 August 2021, the Company issued RMB1,000,000 thousand of corporate bonds on Shanghai Stock Exchange with a term of 3 years and a fixed coupon rate of 3.29% paid annually.
- e) On 22 November 2021, the Company issued RMB1,500,000 thousand of corporate bonds on Shanghai Stock Exchange with a term of 3 years and a fixed coupon rate of 3.50% paid annually.
- f) On 9 February 2023, the Company issued RMB2,600,000 thousand of corporate bonds on Shanghai Stock Exchange with a term of 669 days and a fixed coupon rate of 3.15% paid annually.
- g) On 24 January 2022, the Company issued RMB1,000,000 thousand of corporate bonds on Shanghai Stock Exchange with a term of 3 years and a fixed coupon rate of 3.14% paid annually.
- h) On 7 June 2022, the Company issued RMB1,100,000 thousand of corporate bonds on Shanghai Stock Exchange with a term of 3 years and a fixed coupon rate of 2.99% paid annually.
- i) On 11 November 2022, the Company issued RMB1,000,000 thousand of corporate bonds on Shanghai Stock Exchange with a term of 3 years and a fixed coupon rate of 2.70% paid annually.
- j) On 24 February 2022, the Company issued RMB1,000,000 thousand of subordinated bonds on Shanghai Stock Exchange with a term of 3 years and a fixed coupon rate of 3.45% paid annually.
- k) On 11 August 2022, the Company issued RMB1,500,000 thousand of subordinated bonds on Shanghai Stock Exchange with a term of 3 years and a fixed coupon rate of 3.10% paid annually.
- l) As at 31 December 2024, income certificates were with a maturity of 362 days and bore interest rates of 1.95% per annum paid at maturity. (As at 31 December 2023, income certificates were with a maturity of 90 days to 374 days and bore interest rates ranging from 2.20% to 3.30% per annum paid at maturity).
- m) On 25 August 2023, the Company issued RMB2,000,000 thousand of corporate bonds on Shanghai Stock Exchange with a term of 3 years and a fixed coupon rate of 2.89% paid annually.

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41. Bonds in Issue – continued

- n) On 20 October 2023, the Company issued RMB3,000,000 thousand of corporate bonds on Shanghai Stock Exchange with a term of 3 years and a fixed coupon rate of 3.14% paid annually.
- o) On 25 April 2023, the Company issued RMB1,300,000 thousand of corporate bonds on Shanghai Stock Exchange with a term of 1,058 days and a fixed coupon rate of 3.15% paid annually.
- p) On 23 March 2022, the Company issued RMB1,000,000 thousand of corporate bonds on Shanghai Stock Exchange with a term of 5 years and a fixed coupon rate of 3.80% paid annually.
- q) On 28 April 2022, the Company issued RMB1,000,000 thousand of corporate bonds on Shanghai Stock Exchange with a term of 5 years and a fixed coupon rate of 3.60% paid annually.
- r) On 22 January 2024, the Company issued RMB1,500,000 thousand of corporate bonds on Shanghai Stock Exchange with a term of 3 years and a fixed coupon rate of 2.80% paid annually.
- s) On 13 November 2024, the Company issued RMB2,000,000 thousand of corporate bonds on Shanghai Stock Exchange with a term of 3 years and a fixed coupon rate of 2.20% paid annually.
- t) On 1 April 2024, the Company issued RMB2,000,000 thousand of corporate bonds on Shanghai Stock Exchange with a term of 7 years and a fixed coupon rate of 2.79% paid annually.
- u) On 17 April 2023, the Company issued RMB1,000,000 thousand of subordinated bonds on Shanghai Stock Exchange with a term of 3 years and a fixed coupon rate of 3.65% paid annually.
- v) On 21 July 2023, the Company issued RMB1,000,000 thousand of subordinated bonds on Shanghai Stock Exchange with a term of 3 years and a fixed coupon rate of 3.28% paid annually.
- w) On 23 February 2024, the Company issued RMB1,500,000 thousand of subordinated bonds on Shanghai Stock Exchange with a term of 3 years and a fixed coupon rate of 2.84% paid annually.
- x) On 4 December 2024, the Company issued RMB1,500,000 thousand of subordinated bonds on Shanghai Stock Exchange with a term of 3 years and a fixed coupon rate of 2.14% paid annually.

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42. Lease Liabilities

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	107,171	94,878
Within a period of more than one year but not more than two years	94,134	60,584
Within a period of more than two years but not more than five years	37,563	73,115
Within a period of more than five years	2,193	1,507
	241,061	230,084
Less: Amount due for settlement with 12 months shown under current liabilities	(107,171)	(94,878)
Amount due for settlement after 12 months shown under non-current liabilities	133,890	135,206

The weighted average incremental borrowing rates applied to lease liabilities range from 1.53% to 5.49% for the year ended 31 December 2024.

43. Financial Liabilities at Fair Value through Profit or Loss

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Interest of other holders in consolidated structured entities (Note 1)	56,792	75,203
Income certificates with variable interests (Note 2)	777,877	1,087,549
	834,669	1,162,752
Analysed for reporting purpose as:		
Non-current liabilities	70,321	70,636
Current liabilities	764,348	1,092,116
	834,669	1,162,752

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43. Financial Liabilities at Fair Value through Profit or Loss – continued

Note 1: Interests of other holders in consolidated structured entities consist of third-party unit holders' interests in these consolidated structured entities. The Group designates these financial liabilities as financial liabilities at fair value through profit or loss because the financial assets of the consolidated structured entities are mainly measured on a fair value basis, the designation can significantly reduce a measurement or recognition inconsistency that would otherwise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Note 2: Guolian Shengxin series of guaranteed principal floating income income certificates and Guolian Hengxin series of non-principal floating income income certificates issued by the Group (2023: Principal guaranteed floating income income certificates). The series of income certificates are linked to the contracts of CSI 500 and CSI 300, etc. The Group designates the above embedded derivatives and the main contract of income certificate as financial liabilities measured at fair value.

44. Other Non-Current Liabilities

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Margin deposits of derivative contracts	5,333,240	8,754,770

45. Other Current Liabilities

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Salaries, bonus, allowances and benefit payable (Note 46)	349,868	492,484
Accounts payable (Note)	159,678	810,337
Other taxes payable	66,945	42,810
Securities investor protection fund	7,036	4,761
Provisions (Note 53)	1,869	1,869
Margin deposits of derivative contracts	3,135,740	2,173,483
Deferred income	4,258	6,850
Others	287,953	91,374
	4,013,347	3,623,968

Note: The amount mainly represented the clearance fee which was subsequently settled within one to three trading days after the transaction date. The ageing analysis does not give additional value in view of the nature of business, no ageing analysis is disclosed in respect of accounts payable.

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46. Payroll and Welfare

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Salaries and bonus	349,563	488,482
Pension	119	2,008
Other social security	–	1,816
Labour union funds and employee education funds	186	178
	349,868	492,484

The Group has provided a pension plan for full-time employees in Mainland China as required by the government, including basic pension insurance and corporate annuity plan. Namely, the Group pays endowment insurance premiums to the social insurance institution designated by the government on a monthly basis, which account for a certain percentage of the total salaries of the staff. After the retirement of the employees, the government is obliged to pay the pensions to them. According to the aforesaid defined contribution plan, the Group shall not be liable for the post-retirement benefits beyond the above contributions. Contributions to the plan will be included in the cost at the time of occurrence.

In addition, the Group provides relevant defined contribution plan for its qualified employees outside of Mainland China in accordance with local labour laws.

The Group did not forfeit any retirement benefit plan contributions, and there are no forfeited contributions under the Group's retirement benefit plans that can be used to deduct the contributions payable in future years.

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47. Contract Liabilities

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Investment banking service fees received in advance	4,383	571
Investment management service fees received in advance	13,740	16,981
	18,123	17,552

As at 1 January 2023, contract liabilities amounted to approximately RMB15,705,000.

The contract liabilities represent the service fee receipts in advance from customers. The changes in contract liabilities in 2024 were mainly due to the increase in investment banking service fees received in advance before year end.

Revenue recognised during the year ended 31 December 2024 that was included in the contract liabilities as at 1 January 2024 was approximately RMB17,552 thousand. There was no revenue recognised in the current year that related to performance obligations that were satisfied in prior year.

48. Due to Financial Institutions

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Due to banks	9,972,283	5,314,014

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49. Financial Assets Sold under Repurchase Agreements

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Analysed by asset type		
– Debt securities	14,472,598	12,571,571
– Funds	2,316,251	1,849,993
– Commercial papers	560,575	–
	17,349,424	14,421,564
Analysed by market		
– Interbank market	13,868,568	9,984,332
– Shanghai Commercial Paper Exchange	560,574	–
– Shanghai Stock Exchange	456,268	4,200,190
– Shenzhen Stock Exchange	2,209,992	–
– Others	254,022	237,042
	17,349,424	14,421,564
Analysed by transaction type:		
– Pledged	17,095,402	14,194,131
– Outright	254,022	227,433
	17,349,424	14,421,564

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49. Financial Assets Sold under Repurchase Agreements – continued

As at 31 December 2024 and 2023, the fair value of the financial assets that had been placed as financial assets sold under repurchase agreements of the Group were listed as below:

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Debt securities	20,482,785	17,658,537
Commercial papers	556,473	–
	21,039,258	17,658,537

50. Accounts Payable to Brokerage Clients

Accounts payable to brokerage clients mainly include money held for clients placed at banks and at clearing houses by the Group, and are interest bearing at the prevailing market interest rates. 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 the normal course of business. Only the excess amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

As at 31 December 2024, cash collateral received from clients for margin financing and securities lending arrangements amounted to RMB1,984,945 thousand (31 December 2023: RMB1,098,478 thousand), and are included in the Group's accounts payable to brokerage clients.

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51. Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include amounts that can be used to meet short-term cash commitments.

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Cash	–	4
Bank balances (Note)	3,399,448	1,085,700
Proprietary clearing settlements funds	2,075,712	2,264,000
Cash equivalents		
– Financial assets held under resale agreements with original maturity at or less than 3 months	9,137,557	3,971,301
	14,612,717	7,321,005

Note: Bank balances do not include interest receivable from deposits and are all with original maturity of three months or less.

52. Transfer of Financial Assets

In the normal course of business, the Group enters into certain transactions in which it transfers recognised financial assets to third parties or customers. If these transfers qualify for derecognition, the Group derecognises all or part of the financial assets where appropriate. If the Group has retained substantially all the risks and rewards on these assets, the Group continues to recognise these assets.

(1) Securities lending

Transferred financial assets that do not qualify for derecognition include securities lent to clients for them to sell, for which the clients are required to provide collateral that could fully cover the credit exposure of the securities lent, and have the obligation to return the securities to the Group in accordance with the contracts. In certain circumstances, if the securities increase or decrease in value, the Group may require additional collateral from the clients or have to return part of the collateral it holds to the clients. In these instances, the Group believes that it retains substantially all the risks and rewards of these securities and therefore does not derecognise them.

As at 31 December 2024, the Group's financial assets at FVTPL used for securities lending amounted to RMB63,797 thousand (2023: RMB211,200 thousand).

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52. Transfer of Financial Assets – continued

(2) Repurchase agreements

Sales and repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those securities sold. These securities are not derecognised from the financial statements but regarded as “collateral” for the liabilities because the Group retain substantially all the risks and rewards of these securities.

The proceeds from selling such securities are presented as financial assets sold under repurchase agreements. Because the Group sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred securities during the term of the arrangements.

The following table analyses the carrying amount of the above mentioned financial assets transferred to the third parties or customers that did not qualify for derecognition and their associated financial liabilities:

	2024/12/31		2023/12/31	
	Carrying amount of transferred assets	Carrying amount of related liabilities	Carrying amount of transferred assets	Carrying amount of related liabilities
	RMB'000	RMB'000	RMB'000	RMB'000
Bonds	18,607,488	(16,788,850)	17,658,537	(14,421,564)
Commercial papers	556,473	(560,574)	–	–
	19,163,961	(17,349,424)	17,658,537	(14,421,564)

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53. Commitments and Contingent Liabilities

(1) Legal proceedings

- (a) On 20 September 2019, the Company received a notice of response to a lawsuit filed by a client in Wuxi Intermediate People's Court of Jiangsu Province against the Company over the dispute over securities pledged repurchase transaction, claiming that the Company should refund the overcharged amount and losses totaling RMB55,517 thousand to a third-party. On 15 April 2020, the Wuxi Intermediate People's Court issued a civil ruling which rejected this lawsuit. The client filed an appeal on 29 May 2020, which was revoked by the Wuxi Intermediate People's Court and the client has filed an appeal to Jiangsu Provincial Higher People's Court of Jiangsu Province.

On 11 January 2024, the Company received a Civil Ruling ((2021) Su Min Zhong No. 84) from the Jiangsu Provincial Higher People's Court dated 29 December 2023, which revoked the first instance ruling and ordered the Wuxi Intermediate People's Court to retrial the case. In July 2024, the Company received a summons and litigation materials from Wuxi Intermediate People's Court of Jiangsu Province for case number (2024) Su 02 Min Chu 236. A certain clients has changed their litigation request, seeking a compensation and interest from the Company. Subsequent to the date of the reporting period, the case has been under trial. The Company has recognised provisions of RMB1,869 thousand in respect of the above case as at 31 December 2024 (31 December 2023: RMB1,869 thousand).

- (b) In June 2021, a total of 15 investors filed a lawsuit in Jinan Intermediate People's Court of Shandong Province on the grounds of liability disputes over securities false statements, demanding Shandong Longli Biotechnology Co., LTD. (hereinafter referred to as "Longli Biotechnology") to compensate investors for losses of 2,762,100 yuan in total due to its securities false behaviors. The case was tried on October 28, 2021. Jinan Intermediate People's Court of Shandong Province ruled that the case should be tried through ordinary representative proceedings and registered as a right holder.

In August 2022, Huaying Securities, a wholly-owned subsidiary of the Group, received the Summons for Court Session, the Notice to Produce Evidence, and the Notice of Notification to the Members of the Trial Division issued by the Intermediate People's Court of Jinan City, Shandong Province on August 2, 2022, with 1,628 investors of Longli biotechnology claiming for compensation of plaintiff for the investment loss, commission, stamp duty, litigation costs and other fees, caused by the misrepresentation. As the sponsor and securities underwriter of the listing of Longli Bio, Huaying Securities co-underwent joint and several liability with 12 other natural persons and BDO China Shu Lun Pan Certified Public Accountants LLP.

53. Commitments and Contingent Liabilities – continued

(1) Legal proceedings – continued

(b) – continued

On November 9, 2022, the Jinan Intermediate People's Court issued the Civil Ruling ((2021) 3 Lu 01 Minchu No. 1377-bis), holding that the case needed to be based on the outcome of other cases by the CSRC, so it suspended the trial of the case. The above-mentioned case has not yet been heard. Due to this is still an early stage of the legal proceedings, according to the judgment of the management, the Group has not accrued any provisions for the potential claims.

On 4 September 2024, the Jinan Intermediate People's Court issued the Notice Regarding the Composition of the Collegial Panel, formally resuming the proceedings of the case, which is scheduled for trial on 14 October 2024.

Up to the report date, no judgement had been handed down by the Jinan Intermediate People's Court, according to the judgment of the management, the Group has not meet the recognition criteria for a provision for liabilities.

(2) Guarantee for overseas subsidiaries

The Board Meeting of the Company held on 24 August 2021 approved the proposal on providing guarantee for Guolian Securities (Hong Kong) Co., Ltd. and its wholly-owned subsidiaries with a total amount of no more than US \$100 million, which will be effective within 24 months from the date of approval by the Board of Directors. No guarantee was utilized by Guolian securities (Hong Kong) Co., Ltd. and its wholly-owned subsidiaries during the validity period of the guarantee.

The Board Meeting of the Company held on 27 October 2023 approved the proposal on the renewal of the guarantee for Guolian Securities (Hong Kong) Co., Ltd. and its wholly-owned subsidiaries with a total amount of no more than US \$100 million, which will be effective within 24 months from the date of approval by the Board of Directors. As at 31 December 2024 and 2023, no guarantee was utilised by Guolian Securities (Hong Kong) Co., Ltd. and its wholly-owned subsidiaries.

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For the year ended 31 December 2024

54. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bonds in issue RMB'000	Lease liabilities RMB'000	Dividend payable RMB'000	Financial liabilities at fair value through profit or loss – Income certificates with variable interests RMB'000	Total RMB'000
At 1 January 2024	25,318,077	230,084	–	1,087,549	26,635,710
Financing cash flows					
– Additional bonds in issue	10,135,000	–	–	1,498,033	11,633,033
– Repayment of bonds in issue	(10,595,000)	–	–	(1,871,992)	(12,466,992)
– Repayment of principal of lease liabilities	–	(130,525)	–	–	(130,525)
– Interest paid	(886,007)	(8,920)	–	–	(894,927)
– Dividend paid	–	–	(402,112)	–	(402,112)
Non-cash changes					
– Interest expenses	830,403	8,920	–	–	839,323
– New leases	–	141,502	–	–	141,502
– Changes of fair value	–	–	–	64,287	64,287
– Dividend declared	–	–	402,112	–	402,112
At 31 December 2024	24,802,473	241,061	–	777,877	25,821,411
At 1 January 2023	20,194,294	160,176	–	1,530,121	21,884,591
Financing cash flows					
– Additional bonds in issue	16,486,324	–	–	2,685,611	19,171,935
– Repayment of bonds in issue	(11,396,000)	–	–	(3,171,201)	(14,567,201)
– Repayment of principal of lease liabilities	–	(112,342)	–	–	(112,342)
– Interest paid	(763,422)	(8,218)	–	–	(771,640)
Non-cash changes					
– Interest expenses	796,881	8,268	–	–	805,149
– New leases	–	120,510	–	–	120,510
– Changes of fair value	–	–	–	43,018	43,018
– Acquisition of subsidiaries	–	61,690	–	–	61,690
At 31 December 2023	25,318,077	230,084	–	1,087,549	26,635,710

55. Related Party Transactions

55.1 Transactions and balances with the Company's controlling shareholder – Guolian Group

Wuxi Guolian Development (Group) Co., Ltd. (collectively referred to as “Guolian Group” together with its subsidiaries) is a wholly state-owned company established in the PRC with a registered capital of RMB8,391,110 thousand. As at 31 December 2024, Guolian Group directly held 19.21 % of the equity interest in the Company. In addition, Guolian Group also indirectly held 29.40% equity interest in Company through its subsidiaries of Guolian Trust Co., Ltd. (“Guolian Trust”), Wuxi Guolian Municipal Electric Power Company (“Wuxi Electric”), Wuxi Yi Mian Textile Group Co., Ltd. (“Yi Mian Textile”), Wuxi Min Sheng Investment Co., Ltd. (“Min Sheng Investment”) and Wuxi Huaguang Environment & Energy Group Co., Ltd. (“Wuxi Huaguang”).

Guolian Trust is the subsidiary of Guolian Group who directly or indirectly held 91.87% of the equity interest. As at 31 December 2024, Guolian Trust held 13.78% of the equity interest in the Company.

Wuxi Electric is an indirect wholly-owned subsidiary of Guolian Group. As at 31 December 2024, Wuxi Electric held 9.43% of the equity interest in the Company.

Yi Mian Textile is a direct wholly-owned subsidiary of Guolian Group. As at 31 December 2024, Yi Mian Textile held 2.57% of the equity interest in the Company.

Min Sheng Investment is an indirect wholly-owned subsidiary of Guolian Group. As at 31 December 2024, Min Sheng Investment held 2.60% of the equity interest in the Company.

Wuxi Huaguang is the subsidiary of Guolian Group who directly held 51.95% of the equity interest. As at 31 December 2024, Wuxi Huaguang held 1.03% of the equity interest in the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

55. Related Party Transactions – continued

55.1 Transactions and balances with the Company's controlling shareholder – Guolian Group – continued

Transactions during the year

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Interest expense of lease obligation	10	16
Income from providing bond underwriting services	1,802	2,245

Balances at the end of the year

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Lease liabilities	109	534

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

55. Related Party Transactions – continued

55.2 Other major related party transactions and balances

The table below lists the Group's other significant related parties as at 31 December 2024

Significant related legal entities	The relationship with the Group
Guolian Futures Co., Ltd. ("Guolian Futures")	Fellow subsidiary
Wuxi Guolian Xincheng Investment Co., Ltd. ("Guolian Xincheng")	Fellow subsidiary
Wuxi Guolian Property Management Co., Ltd. ("Guolian Property Management")	Fellow subsidiary
Jiangsu Asset Management Co., Ltd.	Fellow subsidiary
Wuxi Taigong Sanatorium Co., Ltd. ("Taigong Sanatorium")	Fellow subsidiary
Jiangsu Lianjia Asset Management Co., Ltd. ("Lianjia" Asset Management)	Fellow subsidiary
Wuxi Union Financing Guarantee Co., Ltd. ("Union Financing Guarantee")	Fellow subsidiary
Wuxi Guolian Integrated Circuit Investment Center L.P. ("Integrated Circuit Investment Center")	Fellow subsidiary
Wuxi Yimian Investment Co., Ltd.	Fellow subsidiary
Wuxi Talent Market Co., Ltd.	Fellow subsidiary
Shanghai Xixin Enterprise Management Consulting Co., Ltd. ("Xixin Enterprise Management Consulting")	Fellow subsidiary
Shanghai Hongmao Properties Co., Ltd.	Fellow subsidiary
Surrich International Company Limited	Fellow subsidiary
Huaxin Design Group Limited	Fellow subsidiary
Guolian CMS Tech Fund I LPF	Associate invested by the controlling shareholders of the Company
Guolian Life Insurance Co., Ltd.	Associate invested by the controlling shareholder of the Company
Wuxi Guolian Xinchuang Private Investment Fund Co., Ltd. ("Guolian Xinchuang")	Associate invested by the controlling shareholder of the Company
Wuxi Culture Tourism Development Group Co., Ltd.	Associate invested by the controlling shareholder of the Company

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

55. Related Party Transactions – continued

55.2 Other major related party transactions and balances – continued

Transactions during the year

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Income from providing securities brokerage services		
– Guolian Futures	823	436
– Guolian Life Insurance Co., Ltd.	12	12
– Guolian Trust	1,158	1,876
– Jiangsu Asset Management Co., Ltd.	60	–
– Union Financing Guarantee	2	2
– Zhonghai Fund Management Co., Ltd.	–	2,361
– Others	854	1,447
Income from providing bond underwriting services		
– Jiangsu Asset Management Co., Ltd.	–	1,415
– Wuxi Public Utilities Industrial Group Co., Ltd.	–	415
– Wuxi Culture Tourism Development Group Co., Ltd.	453	453
– Wuxi XinFa Group Co., Ltd.	–	832
– Others	708	–
Income from providing financial advisory services		
– Guolian Trust	248	186
– Wuxi Huaguang	170	–
– Wuxi Yimian Investment Co., Ltd.	–	189
Income from providing asset management services		
– Guolian CMS Tech Fund I	1,822	–
– Guolian Life Insurance Co., Ltd.	132	136
– Guolian Trust	114	–
– Jiangsu Asset Management Co., Ltd.	200	420
– “Lianja” Asset Management	437	827
– Wuxi Public Utilities Industrial Group Co., Ltd.	–	742
– Surrich International Company Limited	1,747	–
– Taigong Sanatorium	8	22
– Wuxi Huaguang	168	10
– Others	58	720

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

55. Related Party Transactions – continued

55.2 Other major related party transactions and balances – continued

Transactions during the year – continued

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Income from providing investment advisory services		
– Guolian Trust	285	539
– Guolian Xinchuang	–	236
– Integrated Circuit Investment Center	1,458	3,774
– Jiangsu Asset Management Co., Ltd.	6	472
– Others	91	80
Interest expense on due to financial institutions		
– Wuxi Rural Commercial Bank	–	2
Expenses for receiving futures investment advisory		
– Guolian Futures	311	–
Investment Losses		
– Others	–	2
Rental income		
– Guolian Life Insurance Co., Ltd.	484	484
– Guolian Futures	55	55
Rental expense		
– Jiangsu Asset Management Co., Ltd.	–	364
– Others	–	301

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

55. Related Party Transactions – continued

55.2 Other major related party transactions and balances – continued

Transactions during the year – continued

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Interest expense on financial assets sold under repurchase agreements		
– Others	1	2
Interest expense of lease liabilities		
– Guolian Life Insurance Co., Ltd.	47	18
– Guolian Xincheng	136	242
– Shanghai Hongmao Properties Co., Ltd.	819	–
Expense for receiving services		
– Guolian Futures	2,431	1,859
– Guolian Life Insurance Co., Ltd.	222	210
– Guolian Property Management	6,070	6,864
– Guolian Xincheng	594	603
– Huaxin Design Group Co., Ltd.	1,055	–
– Xixin Enterprise Management Consulting	3,585	–
– Taigong Sanatorium	265	1,223
– Wuxi Talent Market Co., Ltd.	10	1,179
– Others	1,682	623

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

55. Related Party Transactions – continued

55.2 Other major related party transactions and balances – continued

Balances at the end of the year

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Accounts payable		
– Guolian Life Insurance Co., Ltd.	50	50
Lease liabilities		
– Guolian Xincheng	–	9,742
– Guolian Life Insurance Co., Ltd.	1,849	212
– Shanghai Hongmao Properties Co., Ltd.	59,227	–
Other receivable		
– Surrich International Company Limited	1,813	–
Clearing settlement funds and refundable deposits		
– Guolian Futures	656,848	863,583
Received in advance		
– Others	1,725	–
Cash held for brokerage clients		
– Guolian Trust	2,319	11,690
– Zhonghai Fund Management Co., Ltd.	7	6
– Others	163,203	111,446

Note: For the year ended 2024, the Group traded securities with Minsheng Securities Co., Ltd. with a cumulative amount of RMB20,699 thousand. (2023: the Group did not trade with securities Minsheng Securities Co., Ltd.).

As at 31 December 2024, the product managed by Wuxi Rural Commercial Bank held the subordinated bonds issued by the Group amounted to RMB90,000 thousand, and the interest of subordinated bonds to Wuxi Rural Commercial Bank amounted RMB2,790 thousand by the Group. (31 December 2023: product managed by Wuxi Rural Commercial Bank held the subordinated bonds issued by the Group RMB90,000 thousand).

As at 31 December 2024, Guolian Capital Co., Ltd., Wuxi Guolian Xizhou Private Equity Fund Management Co., Ltd. and Wuxi Xizhou Equity Investment Partnership (Limited Partnership) jointly established a limited partnership, Guolian Xizhou Tongrui Medical Investment (Wuxi) Partnership. All partners have completed the paid-in capital contribution of RMB40,000 thousand in total, of which, the capital contribution of RMB16,000 thousand has been committed by Guolian Capital Co., Ltd..

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

55. Related Party Transactions – continued

55.3 Key management personnel

Key management personnel are those persons who have the power to, directly or indirectly, plan, direct and control the activities of the Group, including members of the board of directors, board of supervisors and other members of the senior management.

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Short term employee benefits	15,229	17,750
Post-employment benefits	1,727	1,720
	16,956	19,470

In addition to the above paid short-term employee benefits of current year, during the year ended 31 December 2024, the Company paid accrued remuneration which was deferred to 2024 in previous years to directors, supervisors, and senior management personnel amounted to RMB5,997 thousand (During the year ended 31 December 2023, RMB7,097 thousand).

56. Financial Risk Management

56.1 Summary

The Group's risk management objective is to establish a sound risk management system and effective management mechanism to ensure that the risk is controlled under a tolerable level, achieve a sustainable development and reduce the uncertainty of achieving business plans.

Based on the risk management objective, the Group's risk management strategy is to identify and analyse various risks faced by the Group, establish an appropriate risk tolerance bottom line for risk management and measure, monitor, report and respond to various risks in a timely and reliable manner to control risks within the limits set by the Group.

56. Financial Risk Management

56.1 Summary – continued

The risks involved in the daily operations of the Group mainly include credit risk, market risk and liquidity risk. The Group has established policies and procedures to identify and analyse these risks, and to set appropriate indicators, limits, policies and internal control processes to manage these risks through continuous monitoring by information systems.

The Company has formulated the “Basic Principle for Comprehensive Risk Management of Guolian Securities Company Limited”, which specifies the Company’s risk management objectives, principles, organizational structure, authorization system, related responsibilities and relevant procedures, etc.; and has formulated the “Liquidity Risk Management Measures of Guolian Securities Company Limited”, “Liquidity Risk Contingency Plan of Guolian Securities Company Limited”, “Market Risk Management Measures of Guolian Securities Company Limited”, “Credit Risk Management Measures of Guolian Securities Company Limited”, and “Operational Risk Management Measures of Guolian Securities Company Limited” for different types of risks, which standardised the methods and processes for the identification, response and reporting of various risks, to ensure the Company achieves the risk management goal of “measurable, controllable and tolerable”.

The Company has established a comprehensive and multi-level risk management system including the Board of Directors and risk control committee, senior management and risk management committees, risk management departments and other risk management-related functional departments, and risk management organizations set within departments. The Company’s Board of Directors takes the ultimate responsibility for the Company’s risk management and authorizes the risk control committee to fulfil its partial functions regarding comprehensive risk management; the Company’s management assumes the responsibility for organizing and implementing comprehensive risk management tasks in business management, and authorizes the Chief Risk Officer being responsible for leading and organizing the overall risk management work; the Company’s risk management departments includes the Risk Management Department and other risk management functional departments. The risk management departments are responsible for establishment of the Company’s risk management system, identifying and evaluating the risks faced by the Company’s business activities, carrying out daily risk monitoring, inspection and evaluation, and raising recommendation and improving the Company’s risk management system. The Risk Management Department supervises, evaluates and reports on the relevant work of the risk management functional departments and shall be responsible to the Chief Risk Officer for risk management; the Company’s business departments and risk management organizations within its branches are responsible for the specific implementation of risk management.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

56. Financial Risk Management – continued

56.2 Credit risk

Credit risk refers to the risk of counterparty's failure or inability to meet its payment obligations, or the risk of loss due to declining credit rating.

The Group's credit risks mainly come from risk of default by the counterparty in fixed-income investment business, margin finance business including margin accounts receivable, equity securities held under resale agreements, and OTC derivative business and etc.

In terms of the fixed-income investment business, the Company has established a pool of target bonds, conducted necessary due diligence and provided internal ratings for the bonds that will be traded or used in spot transactions, repurchase transactions, forwards, and lending transactions. The Company established multi-level mechanism of internal approval. For the pool of target bonds, the Company has established the tracking mechanism on a regular or irregular basis, to continuously track changes in credit status. Meanwhile, the Company has established a credit risk indicator system such as concentration of single issuer, industry concentration and etc.

In terms of the financing business, the Company has established a strict layered review and evaluation mechanism, and formed a multi-level approval and authorization mechanism. The Company assesses the credit standing of the borrower by analysing the shareholder's background, operating conditions, and financial status. As for the evaluation of the collateral to be pledged, the quality of the collateral is analysed through a combination of qualitative and quantitative methods, and based on its liquidity index, market performance and other indicators that can be quantitatively measured. The Company has established a multi-dimensional financing business indicator system, including concentration indicators, loan-to-collateral ratio, early warning of closing position, ceilings of pledge ratio, and facility limit, etc., and manages credit risk exposure through timely mark-to-market method.

56. Financial Risk Management – continued

56.2 Credit risk – continued

In terms of the credit risk of counterparties, the Company has developed rating criteria for counterparties and established a counterparty white list to manage counterparties' facility and limit according to their risk levels. The Company regularly, annually at least, updates the white list of counterparties, and adjusts the ratings of counterparties with consideration of any negative public media reports. In addition, the Company manages the credit risk exposures by means of mark-to-market, margin call or forced liquidation.

The credit risk of the Group also comes from the securities business. If the customer fails to deposit sufficient funds for trading, the Group may need to use its own funds to complete the settlement of the transactions. The Group requires customers to deposit the funds required for transactions in full before settlement to reduce related credit risks.

56.2.1 Expected credit loss

The Group has applied the ECL model to measure the expected credit losses for applicable financial asset.

The Group has used the "3 Stage" ECL model to assess the credit losses when its credit risk has increased significantly since initial recognition.

- An asset is classified as Stage 1 where there has been low risk of default or has not been a significant increase in credit risk. The Group will continuously monitor its credit risk.
- An asset is classified as Stage 2 where there has been a significant increase in credit risk since initial recognition but that are not credit impaired. The Group does not see it as a credit impaired instrument.
- An asset is classified as Stage 3 when it is credit impaired.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

56. Financial Risk Management – continued

56.2 Credit risk – continued

56.2.1 Expected credit loss – continued

- The impairment loss for financial instruments in Stage 1 is expected credit losses for the next 12 months, which corresponds to the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. In the Stage 2 or 3, expected credit losses of financial instruments are measured for the entire life time.
- Purchased or originated credit impaired financial assets refer to those with credit impairment since initial recognition. The impairment allowances of these assets are measured as the expected credit loss for the entire life time.

For accounts receivable, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL.

For the factors the Group considers whether there have been significant increase in credit risk, please refer to Note 3. In particular, for margin accounts receivable and financial assets held under resale agreement, the Group generally believes that when the loan-to-collateral ratio reaches the warning line, the credit risk increases significantly and the relevant asset needs to be transferred to Stage 2, and when the coverage ratio reaches the liquidation line or expect there would be loss after closing the position mandatorily, it will be transferred to Stage 3.

The Group uses Probability of default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) to measure credit risks.

- PD is an estimate of the likelihood of default over a given time horizon the calculation of which includes historical data, assumptions and expectations of future conditions.
- EAD is the amount that the Group should be repaid at the time of default in the next 12 months or throughout the remaining life time.
- LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

56. Financial Risk Management – continued

56.2 Credit risk – continued

56.2.1 Expected credit loss – continued

The expected credit losses are measured based on the probability weighted result of PD, EAD and LGD.

During the year ended 31 December 2024, no significant changes were made in the techniques of estimation or key assumptions.

The assessment of significant increase in credit risk and the measurement of expected credit losses all involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators affecting the credit risk and expected credit losses of each asset portfolio. Key economic indicators include macroeconomic indicators and indicators that can reflect market volatility. Estimates of the predicted values and the likelihood of occurrence are highly inherently uncertain, so the actual results may differ significantly from the predictions. The Group believes that these projections reflect the best estimates of the Group on the possible results.

For the year ended 31 December 2024, the important macroeconomic assumptions used by the Group in the forward-looking model include the cumulative growth rate of GDP at constant price, the growth rate of the consumer price index, and the China Manufacturing Purchasing Managers' Index.

For the year ended 31 December 2024, the macroeconomic forward-looking adjustment factors used by the Group in the evaluation of the expected credit loss measurement model have considered the impact of the deep adjustment of the real estate market on investment in relevant sectors during the economic recovery, the damage to residents' balance sheets that may inhibit consumption repair, and the exposure of fiscal and financial risks in some areas. To be prudent, the Group has determined a higher weight for the neutral scenario, and the second is pessimistic scenario. Assuming that the weight of pessimistic scenario is reduced by 10% and the weight of benchmark scenario increased by 10%, the Group's credit impairment provision will be reduced by RMB631 thousand (2023: RMB1,236 thousand).

The Group has classified exposures with similar risk characteristics when calculating expected credit loss impairment in a portfolio. During the classification, the Group obtained sufficient information to ensure its statistical reliability.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

56. Financial Risk Management – continued

56.2 Credit risk – continued

56.2.2 Maximum credit risk exposure

Before considering collateral or other credit enhancement methods, the maximum credit risk exposure is the carrying amount of financial assets (net of provisions for impairment). The maximum credit risk exposure of the Group is as follows:

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Refundable deposits	369,915	465,954
Other assets	2,347,114	3,507,924
Margin accounts receivable	11,551,337	10,126,663
Financial assets held under resale agreements	10,473,607	5,306,914
Financial assets at FVTPL		
– Debt securities	23,247,686	22,265,867
– Asset backed securities	1,947,034	1,419,047
– Commercial papers	556,473	–
Debt instrument at FVTOCI	5,561,036	7,083,357
Derivative financial assets	923,190	1,747,243
Clearing settlement funds	5,220,252	3,978,960
Cash held for brokerage clients	11,096,743	6,650,429
Cash and bank balances	4,315,613	3,165,723
	77,610,000	65,718,081

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For the year ended 31 December 2024

56. Financial Risk Management – continued

56.2 Credit risk – continued

56.2.3 Credit rating of debt investments

The Group monitors the credit risk profile of the debt securities portfolio held based on credit ratings, which are obtained from major rating agencies in the PRC where debt issuers are located.

	Debt instruments at FVTOCI RMB'000	Financial assets at FVTPL RMB'000
31 December 2024		
Issuers in Mainland China (Note 1)		
Chinese Treasury bond, Central bank bills, CDB bonds	1,728,383	3,317,884
Policy financial bonds	–	473,731
Local government bonds	535,450	611,346
AAA	2,231,503	13,880,773
AA- to AA+	1,012,759	6,408,069
Below AA-	1,506	64,700
Unrated	51,435	195,951
Sub-total	5,561,036	24,952,454
Issuers in Hong Kong and other regions		
AAA	–	345,064
AA- to AA+	–	313,500
No domestic rating (Note 2)	–	140,175
Sub-total	–	798,739
Total	5,561,036	25,751,193

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For the year ended 31 December 2024

56. Financial Risk Management – continued

56.2 Credit risk – continued

56.2.3 Credit rating of debt investments – continued

	Debt instruments at FVTOCI RMB'000	Financial assets at FVTPL RMB'000
31 December 2023		
Issuers in Mainland China (Note 1)		
Chinese Treasury bond, Central bank bills, CDB bonds	1,713,980	4,058,434
Policy financial bonds	504,571	840,729
Local government bonds	522,133	210,084
AAA	1,637,314	10,655,072
AA- to AA+	2,630,314	7,296,748
Below AA-	3,647	30,248
Unrated	71,398	293,584
Sub-total	7,083,357	23,384,899
Issuers in Hong Kong and other regions		
AAA	–	84,505
AA +	–	140,516
No domestic rating (Note 2)	–	74,994
Sub-total	–	300,015
Total	7,083,357	23,684,914

Note 1: AAA-AA- and Below AA-refer to debt ratings. If there is no debt rating or the rating is A-1, the higher one between the principal rating and the guarantee rating will be chosen, with AAA being the highest rating; Unrated means that the credit rating agency has not rated the entity or debt.

Note 2: The domestic rating of the entity is preferred for overseas debt rating. If there is no domestic entity rating, it will be summarized in the "No domestic rating" column.

56. Financial Risk Management – continued

56.3 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, exchange rate risk or price risk.

56.3.1 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 utilises sensitivity analysis as the main tool for monitoring interest rate risk and measuring the impact of a reasonable and possible change of interest rate on its total profit and equity, assuming all other variables remain unchanged.

The table below presents the residual maturities of the Group's financial assets and liabilities before their contractual re-pricing dates or their maturity dates (whichever are earlier):

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For the year ended 31 December 2024

56. Financial Risk Management – continued

56.3 Market risk – continued

56.3.1 Interest rate risk – continued

As at 31 December 2024

	Within 3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	More than 5 years RMB'000	Non-interest bearing RMB'000	Total RMB'000
Financial assets						
Refundable deposits	-	-	-	-	369,915	369,915
Other assets	-	-	-	-	2,347,114	2,347,114
Margin accounts receivable	4,396,588	7,154,749	-	-	-	11,551,337
Financial assets held under resale agreements	9,309,173	1,164,434	-	-	-	10,473,607
Financial assets at FVTPL	749,214	10,862,719	12,026,306	1,778,313	12,504,099	37,920,651
Debt instruments at FVTOCI	356,154	1,956,366	2,541,853	633,203	73,460	5,561,036
Equity instruments at fair value through other comprehensive income	-	-	-	-	5,200,853	5,200,853
Financial derivative assets	-	-	-	-	923,190	923,190
Clearing settlement funds	5,220,252	-	-	-	-	5,220,252
Cash held for brokerage clients	11,096,743	-	-	-	-	11,096,743
Cash and bank balances	3,399,448	916,165	-	-	-	4,315,613
	34,527,572	22,054,433	14,568,159	2,411,516	21,418,631	94,980,311
Financial liabilities						
Bonds in issue	2,058,817	3,655,839	17,045,776	2,042,041	-	24,802,473
Other liabilities	-	-	-	-	8,921,454	8,921,454
Financial assets sold under repurchase agreements	17,349,424	-	-	-	-	17,349,424
Financial liabilities at FVTPL	-	-	-	-	834,669	834,669
Financial derivative liabilities	-	-	-	-	366,265	366,265
Accounts payable to brokerage clients	14,565,167	-	-	-	-	14,565,167
Lease liabilities	31,316	75,856	131,696	2,193	-	241,061
Due to financial institutions	9,972,283	-	-	-	-	9,972,283
	43,977,007	3,731,695	17,177,472	2,044,234	10,122,388	77,052,796
Interest rate sensitivity gap	(9,449,435)	18,322,738	(2,609,313)	367,282	11,296,243	17,927,515

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

56. Financial Risk Management – continued

56.3 Market risk – continued

56.3.1 Interest rate risk – continued

As at 31 December 2023

	Within 3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	More than 5 years RMB'000	Non-interest bearing RMB'000	Total RMB'000
Financial assets						
Refundable deposits	–	–	–	–	465,954	465,954
Other assets	–	–	–	–	3,507,924	3,507,924
Margin accounts receivable	4,692,278	5,434,385	–	–	–	10,126,663
Financial assets held under resale agreements	4,217,881	888,697	200,336	–	–	5,306,914
Financial assets at FVTPL	1,904,566	10,221,008	9,282,740	1,935,876	15,683,053	39,027,243
Debt instruments at FVTOCI	855,198	1,582,383	4,128,449	400,245	117,082	7,083,357
Equity instruments at fair value through other comprehensive income	–	–	–	–	3,600,396	3,600,396
Financial derivative assets	–	–	–	–	1,747,243	1,747,243
Clearing settlement funds	3,978,960	–	–	–	–	3,978,960
Cash held for brokerage clients	6,650,429	–	–	–	–	6,650,429
Cash and bank balances	2,882,579	283,144	–	–	–	3,165,723
	25,181,891	18,409,617	13,611,525	2,336,121	25,121,652	84,660,806
Financial liabilities						
Bonds in issue	(1,378,118)	(7,778,315)	(16,161,644)	–	–	(25,318,077)
Other liabilities	–	–	–	–	(11,834,272)	(11,834,272)
Financial assets sold under repurchase agreements	(14,421,564)	–	–	–	–	(14,421,564)
Financial liabilities at FVTPL	–	–	–	–	(1,162,752)	(1,162,752)
Financial derivative liabilities	–	–	–	–	(447,643)	(447,643)
Accounts payable to brokerage clients	(9,046,099)	–	–	–	–	(9,046,099)
Lease liabilities	(25,161)	(65,248)	(129,736)	(9,939)	–	(230,084)
Due to financial institutions	(5,314,014)	–	–	–	–	(5,314,014)
	(30,184,956)	(7,843,563)	(16,291,380)	(9,939)	(13,444,667)	(67,774,505)
Interest rate sensitivity gap	(5,003,065)	10,566,054	(2,679,855)	2,326,182	11,676,985	16,886,301

Sensitivity analysis

The following table illustrates the potential impact, of a parallel upward or downward shift of 25 basis points in interest rate curves on the Group's net profit and other comprehensive income for the next twelve months from the reporting date, based on the Group's positions of interest-earning assets and interest-bearing liabilities at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

56. Financial Risk Management – continued

56.3 Market risk – continued

56.3.1 Interest rate risk – continued

Sensitivity analysis – continued

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Net profit after tax		
Increase by 25 bps	(82,655)	(51,739)
Decrease by 25 bps	83,896	52,251
Other comprehensive income		
Increase by 25 bps	(20,265)	(21,875)
Decrease by 25 bps	20,577	22,190

The sensitivity analysis on net profit and other comprehensive income is based on reasonably possible changes in interest rates with the assumption that the structure of financial assets and financial liabilities held at the period end remains unchanged, and does not take changes in customer behaviour, basis risk or any prepayment options on debt securities into consideration. This analysis assumes that interest rates of all maturities move by the same amount, and does not reflect the potential impact of unparallel yield curve movements.

The Group believes that above assumption does not represent the Group's policy on the use of funds and interest rate risk management, so the impact of sensitivity analysis may vary according to the actual situation.

In addition, the above analysis of the impact of changes in interest rate is only an illustrative example, showing the estimated changes in net profit and other comprehensive income under various expected situations and the current interest rate risk position of the Group. However, the impact did not consider the risk management activities that the management might take to reduce interest rate risk.

56. Financial Risk Management – continued

56.3 Market risk – continued

56.3.2 Exchange rate risk

Exchange rate risk refers to the possibility of loss of the Group's assets or liabilities due to exchange rate changes. The Group operates principally in the PRC. Except the subsidiaries in Hong Kong, the majority of recognised assets and liabilities are denominated in RMB and the majority of transactions are settled in RMB. The Group does not hold or issue any derivative financial instruments to manage its exposure to exchange rate risk.

As at 31 December 2024, assuming other variables remain unchanged, if foreign currencies appreciate or depreciate by 1% against RMB, the Group's net profit after tax in 2024 will decrease or increase by RMB533 thousand (2023: RMB751 thousand).

56.3.3 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 exchange rate 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 Group's price risk exposure mainly relates to investments in equity securities, investment funds, convertible bonds, exchangeable bonds, derivatives and collective asset management scheme whose values will fluctuate as a result of changes in market prices. These investments are all investments in the domestic capital markets. The Group is subject to relatively high market risk due to the high volatility of the domestic stock markets.

The Group's price risk management policy requires setting and managing investment objectives. The directors of the Company manage price risk by holding an appropriately diversified investment portfolio, setting limits for investments in different securities and closely monitoring the portfolio of investments to reduce the risk of concentration in any one specific industry or issuer. The Group uses derivatives contracts to economically hedge against certain exposures arising from its investment portfolio.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

56. Financial Risk Management – continued

56.3 Market risk – continued

56.3.3 Price risk – continued

Sensitivity analysis

The analysis below shows the impact on profit after income tax and equity due to change in the prices of financial assets, including stocks, funds, derivatives and collective asset management schemes by 10%, assuming all other variables remain unchanged. A positive result indicates an increase in profit after income tax and shareholders' equity, while a negative result indicates otherwise.

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Profit after income tax		
Increase by 10%	154,047	120,282
Decrease by 10%	(154,047)	(120,282)

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Other comprehensive income after income tax		
Increase by 10%	390,064	270,030
Decrease by 10%	(390,064)	(270,030)

56. Financial Risk Management – continued

56.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities due to lack of capital or funds. The rapid development of the Company's proprietary trading, asset management, margin financing business and etc all put forward higher requirements for liquidity risk management.

The Group manages and controls its funds in a centralised manner. The Company's liquidity risk management principles are comprehensiveness, prudence and foreseeability and its overall objective is to build a sound liquidity risk management system so that it can effectively recognise, measure, monitor and control liquidity risk and ensure that its liquidity needs can be met timely with a reasonable cost.

The Group annually prepares the fund budget, and formulates a financing plan based on the fund budget to manage the funding requirements and relevant costs. Through careful analysis of the Group's business scale, total liabilities, financing capacity and asset-liability structure, the Group will determine the scale of high-liquid asset reserves to improve liquidity and risk resistance.

The Group invests surplus cash in negotiable bank deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. As at 31 December 2024, the Group held cash and cash equivalents of approximately RMB14,612,717 thousand (31 December 2023: RMB7,321,005 thousand) that is expected to readily generate cash inflows for managing liquidity risk. In addition, the Group held financial assets at fair value through profit or loss amounted to RMB36,813,350 thousand which was presented as current assets as at 31 December 2024 (31 December 2023: RMB20,791,015 thousand), and could be realised within one year to provide a further source of cash if the need arose.

The tables below present the cash flows payable by the Group for non-derivative financial assets and liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the tables are the contractual undiscounted cash flows, including both interest and principal cash flows. For items with floating interest rates, the undiscounted amounts are derived using interest rates at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

56. Financial Risk Management – continued

56.4 Liquidity risk – continued

As at 31 December 2024	On demand	Within 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years	Overdue/ Undated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-derivative financial liabilities								
Other liabilities	-	165,643	1,355,349	1,820,538	5,559,976	163	19,785	8,921,454
Bonds in issue	-	1,102,821	1,185,446	4,151,613	18,000,626	2,153,641	-	26,594,147
Financial assets sold								
under repurchase agreements	254,022	15,821,485	718,909	560,574	-	-	-	17,354,990
Financial liabilities at FVTPL	-	604,687	43,712	115,949	70,321	-	-	834,669
Lease liabilities	-	19,222	16,055	82,450	131,109	2,278	-	251,114
Accounts payable to brokerage clients	14,312,492	252,675	-	-	-	-	-	14,565,167
Due to financial institutions	-	9,973,708	-	-	-	-	-	9,973,708
	14,566,514	27,940,241	3,319,471	6,731,124	23,762,032	2,156,082	19,785	78,495,249
Derivative financial liabilities								
Net outflow	-	52,974	73,432	156,899	66,283	370	16,307	366,265
	14,566,514	27,993,215	3,392,903	6,888,023	23,828,315	2,156,452	36,092	78,861,514

As at 31 December 2023	On demand	Within 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years	Overdue/ Undated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-derivative financial liabilities								
Other liabilities	-	1,180,320	286,262	1,460,269	8,833,778	63,152	10,491	11,834,272
Bonds in issue	-	31,400	1,541,464	8,297,975	16,818,790	-	-	26,689,629
Financial assets sold								
under repurchase agreements	127,250	14,168,433	134,264	-	-	-	-	14,429,947
Financial liabilities at FVTPL	-	132,129	235,105	724,882	70,636	-	-	1,162,752
Lease liabilities	-	14,326	13,959	73,323	140,615	1,600	-	243,823
Accounts payable to brokerage clients	9,046,099	-	-	-	-	-	-	9,046,099
Due to financial institutions	-	5,315,138	-	-	-	-	-	5,315,138
	9,173,349	20,841,746	2,211,054	10,556,449	25,863,819	64,752	10,491	68,721,660
Derivative financial liabilities								
Net outflow	-	34,720	122,879	110,362	161,577	-	18,105	447,643
	9,173,349	20,876,466	2,333,933	10,666,811	26,025,396	64,752	28,596	69,169,303

56. Financial Risk Management – continued

56.5 Capital management

The Group's objectives of capital management are:

- To safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders;
- To support the Group's stability and growth;
- To maintain a strong capital base to support the development of their business; and
- To comply with the capital requirements under the regulations.

In accordance with Administrative Measures for Risk Control Indicators of Securities Companies (Revised edition 2024) (the "Administrative Measures") issued by the CSRC, the Company is required to meet the following standards for risk control indicators on a continual basis:

- The ratio of net capital divided by the sum of its various risk capital provisions shall be no less than 100%;
- The ratio of core net capital divided by total assets (on and off-balance sheet) shall be no less than 8%;
- The ratio of quality current assets divided by net cash used in next thirty days shall be no less than 100%;
- The ratio of stable funding available divided by stable funding required shall be no less than 100%.

Net capital refers to net assets minus risk adjustments on certain types of assets as defined in the Administrative Measures.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

57. Fair Value of Financial Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participations at the measurement date.

57.1 Financial instruments not measured at fair value

The Group's fair value of the bonds in issue as at 31 December 2024 was amounted to RMB25,224,530 thousand (31 December 2023: RMB25,441,269 thousand), and the carrying amount was RMB24,802,473 thousand (December 31, 2023: RMB25,318,077 thousand). The Group uses ChinaBond Valuation to evaluate the fair value of the bonds in issue.

Except above bonds in issue, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement approximate their fair values.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

57. Fair Value of Financial Assets and Liabilities – continued

57.2 Financial instruments measured at fair value

As at 31 December 2024	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Financial assets at FVTPL				
– Debt instruments	135,493	29,294,306	1,743,317	31,173,116
– Equity instruments	2,968,410	2,880,595	898,530	6,747,535
Debt instruments at FVTOCI	–	5,559,208	1,828	5,561,036
Equity instruments at fair value through other comprehensive income	5,035,890	164,963	–	5,200,853
Derivative financial assets	17,619	221,373	684,198	923,190
Total	8,157,412	38,120,445	3,327,873	49,605,730
Liabilities				
Financial liabilities at FVTPL				
– Interests of other holders of consolidated structured entities	–	–	56,792	56,792
– Income certificates with variable interests	–	–	777,877	777,877
Derivative financial liabilities	16,307	293,792	56,166	366,265
Total	16,307	293,792	890,835	1,200,934

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

57. Fair Value of Financial Assets and Liabilities – continued

57.2 Financial instruments measured at fair value – continued

As at 31 December 2023	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Financial assets at FVTPL				
– Debt instruments	4,204,198	21,617,848	1,538,517	27,360,563
– Equity instruments	5,320,633	2,340,528	4,005,519	11,666,680
Debt instruments at FVTOCI	–	7,083,357	–	7,083,357
Equity instruments at fair value through other comprehensive income	3,292,136	308,260	–	3,600,396
Derivative financial assets	14,847	127,741	1,604,655	1,747,243
Total	12,831,814	31,477,734	7,148,691	51,458,239
Liabilities				
Financial liabilities at FVTPL				
– Interests of other holders of consolidated structured entities	–	–	(75,203)	(75,203)
– Income certificates with variable interests	–	–	(1,087,549)	(1,087,549)
Derivative financial liabilities	(18,105)	(255,467)	(174,071)	(447,643)
Total	(18,105)	(255,467)	(1,336,823)	(1,610,395)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

57. Fair Value of Financial Assets and Liabilities – continued

57.2 Financial instruments measured at fair value – continued

Financial instruments in Level 2

The following table presents the Group's financial assets and liabilities that are measured at fair value by the level 2 in the fair value hierarchy into which the fair value measurement is categorised at 31 December 2024 and 2023.

Financial assets/liabilities	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000	Valuation technique(s) and key inputs
Financial assets at FVTPL			
– Bonds	22,936,332	17,837,879	Discounted future cash flows estimated based on contractual amounts and coupon rates, discounted at rates that reflect the credit risk of the bonds which are estimated by dealers or independent pricing service vendors.
– Asset backed securities	380,120	264,100	Discounted future cash flows estimated based on expected recoverable amounts at rates that reflect credit risk of securities which are estimated by dealers or independent pricing service vendors.
– Commercial papers	556,473	–	Discounted cash flows estimated based on contracts amounts and interests that reflect the risk credit of commercial commitments.
– Equity securities listed on National Equities Exchange and Quotation	6,117	5,953	Recent transaction prices.
– Investment funds	3,478,965	2,472,058	Net asset value as published by the fund managers.
– Collective asset management schemes	1,090,216	355,813	Calculated by the managers of the collective asset management schemes based on the fair value of the underlying investments which are debt securities and publicly traded equity investments in each portfolio.
– Wealth management products	1,990,107	730,676	Discounted future cash flows estimated based on expected return that reflect the credit risk of the products which are estimated by the managers of wealth management products.
– Private equity funds	862,581	1,398,107	Calculated by the fund managers based on the fair value of the underlying investments which are debt securities and publicly traded equity investments in each portfolio.
– Trust schemes	873,990	893,790	Calculated by the trustees based on the fair value of the underlying investments which are debt securities and publicly traded equity investments in each portfolio.
Debt instruments at FVTOCI			
– Bonds	5,559,208	7,083,357	Discounted future cash flows estimated based on contractual amounts and coupon rates, discounted at rates that reflect the credit risk of the bond which are estimated by dealers or independent pricing service vendors.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

57. Fair Value of Financial Assets and Liabilities – continued

57.2 Financial instruments measured at fair value – continued

Financial instruments in Level 2 – continued

Financial assets/liabilities	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000	Valuation technique(s) and key inputs
Equity instruments at fair value through other comprehensive income			
– Perpetual bonds	164,963	308,260	Discounted future cash flows estimated based on contractual amounts and coupon rates, discounted at rates that reflect the credit risk of the bond which are estimated by dealers or independent pricing service vendors.
Derivative financial assets			
– Credit default swap	26,257	629	Calculated based on the difference between the equity return of underlying equity securities based on quoted prices from stock exchanges and the fixed income agreed in the swap agreements.
– Return swaps	194,380	127,112	Calculated based on the difference between the equity return of underlying equity securities based on quoted price from stock exchanges and the fixed income agreed in the swap agreements.
– Foreign exchange forward	736	–	Calculated based on the quoted price by counterparty.
Derivative financial liabilities			
– Interest rate swaps	(30,226)	(10,288)	Discounted cash flows with future cash flows that are estimated based on contractual terms, discounted at a rate that reflects the credit risk which are estimated by dealers or independent pricing service vendors.
– Return swaps	(259,476)	(245,179)	Calculated based on the difference between the equity return of underlying equity securities based on quoted prices from stock exchanges and the fixed income agreed in the swap agreements.
– Foreign exchange forward	(4,091)	–	Calculated based on the quoted price by counterparty.

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57. Fair Value of Financial Assets and Liabilities – continued

57.2 Financial instruments measured at fair value – continued

Financial instruments in Level 3

The following table presents the Group's financial assets and liabilities that are measured at fair value by the level 3 in the fair value hierarchy into which the fair value measurement is categorised at 31 December 2024 and 2023.

Financial assets/liabilities	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000	Valuation technique(s) and key inputs
Financial assets at FVTPL			
– Bonds	176,403	383,570	Discounted cash flow method. The future cash flows are estimated based on the expected recoverable amount and discounted at rates that reflect the credit risk of the bond.
– Asset backed securities	1,566,914	1,154,947	Discounted cash flow method. The future cash flows are estimated based on the expected recoverable amount and discounted at rates that reflect the credit risk of the bond.
– Collective asset management schemes	–	83,081	Calculated based on the fair value of the underlying investments which invest in listed shares with lock up periods in which the fair value is determined with reference to the quoted market prices with an adjustment or discount for lack of marketability.
– Private equity funds	20,443	3,109,689	Calculated based on the fair value of the underlying investments which invest in listed shares with lock up periods in which the fair value is determined with reference to the quoted market prices with an adjustment or discount for lack of marketability.
– Unlisted equity investments	862,291	722,466	Calculated by using asset-based approach or market approach, with an adjustment or discount for lack of marketability. The key inputs are the value of the assets and liabilities or main financial indicators of target companies, indicators such as P/E and P/B multiples of comparable listed companies, and liquidity discount rate.
– Restricted stocks	15,796	90,283	The fair value is determined with reference to the quoted market prices with an adjustment or discount for lack of marketability.
Debt instruments at FVTOCI			
– Bonds	1,828	–	Discounted cash flow method. The future cash flows are estimated based on the expected recoverable amount and discounted at rates that reflect the credit risk of the bond.
Derivative financial assets			
– OTC options	684,198	1,604,522	The option pricing model is used which is calculated based on the option exercise price, the price and volatility of the underlying equity instrument, the option exercise time, and the risk-free interest rate.
– Return swaps	–	133	Calculated based on the difference between the equity return of underlying restricted stocks of which the fair value is determined with reference to the quoted market prices with an adjustment or discount for lack of marketability and the fixed income agreed in the swap agreements.

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57. Fair Value of Financial Assets and Liabilities – continued

57.2 Financial instruments measured at fair value – continued

Financial instruments in Level 3 – continued

Financial assets/liabilities	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000	Valuation technique(s) and key inputs
Financial liabilities at FVTPL			
– Interests of other holders of consolidated structured entities	(56,792)	(75,203)	Calculated based on the fair value of the underlying investments and other inputs management considers to be appropriate.
– Income certificates with variable interests	(777,876)	(1,087,549)	The fair value of the income certificate is the sum of the fair value of embedded option and the discounted future cash flows from the host contract of the debt instrument. The fair value of option is calculated using option pricing model with major inputs including the option exercise price, the price and volatility of the underlying equity instrument, the option exercise time and the risk-free interest rate, etc. The fair value of host contract of debt instrument is calculated based on expected future cash flow discounted by the discount rate reflecting the Company's own credit risk.
Derivative financial liabilities			
– OTC options	(56,166)	(173,905)	The option pricing model is used which is calculated based on the option exercise price, the price and volatility of the underlying equity instrument, the option exercise time, and the risk-free interest rate.
– Return swaps	–	(166)	Calculated based on the difference between the equity return of underlying restricted stocks of which the fair value is determined with reference to the quoted market prices with an adjustment or discount for lack of marketability and the fixed income agreed in the swap agreements.

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57. Fair Value of Financial Assets and Liabilities – continued

57.2 Financial instruments measured at fair value – continued

Financial instruments in Level 3 – continued

As at 31 December 2024 and 2023

Financial assets/liabilities	Fair value hierarchy	Significant unobservable inputs	Relationship of unobservable input(s) to fair value
Financial assets at FVTPL/Debt instruments at FVTOCI/Equity instruments at FVTOCI			
– Bonds	Level 3	<ul style="list-style-type: none"> Estimated future cash flows. Discount rates reflecting the credit risk of the bond. 	<ul style="list-style-type: none"> The higher the estimated future cash flows, the higher the fair value. The lower the discount rate, the higher the fair value.
– Asset backed securities	Level 3	<ul style="list-style-type: none"> Estimated future cash flows Discount rates reflecting the credit risk of the bond. 	<ul style="list-style-type: none"> The higher the estimated future cash flows, the higher the fair value. The lower the discount rate, the higher the fair value.
– Collective asset management schemes	Level 3	<ul style="list-style-type: none"> The portfolio contains restricted stocks, whose fair value is determined with reference to the quoted market prices with an adjustment or discount for lack of marketability 	<ul style="list-style-type: none"> The lower the discount rate, the higher the fair value.
– Investment funds	Level 3	<ul style="list-style-type: none"> An adjustment or discount for lack of marketability 	<ul style="list-style-type: none"> The lower in discount rate, the higher the fair value.
– Private equity funds	Level 3	<ul style="list-style-type: none"> The portfolio contains restricted stocks, whose fair value is determined with reference to the quoted market price with an adjustment or discount for lack of marketability. 	<ul style="list-style-type: none"> The lower the discount rate, the higher the fair value.
– Unlisted equity investments	Level 3	<ul style="list-style-type: none"> Valuation multiples e.g. P/E, P/B or P/S Discount rates that correspond to lack of marketability 	<ul style="list-style-type: none"> The higher the valuation multiples, the higher the fair value. The lower the discount rate, the higher the fair value.
– Restricted stocks	Level 3	<ul style="list-style-type: none"> An adjustment or discount for lack of marketability 	<ul style="list-style-type: none"> The lower the discount rate, the higher the fair value.
Derivative financial instruments			
– OTC options	Level 3	<ul style="list-style-type: none"> The volatility of the underlying equity instrument – for option 	<ul style="list-style-type: none"> The higher the volatility of the underlying equity instrument, the higher the fair value.
– Return swaps	Level 3	<ul style="list-style-type: none"> An adjustment or discount for lack of marketability 	<ul style="list-style-type: none"> The lower the discount rate, the higher the fair value.
Financial liabilities at FVTPL			
– Interests of other holders of consolidated structured entities	Level 3	<ul style="list-style-type: none"> Other adjustments based on the fair value of underlying assets 	<ul style="list-style-type: none"> The higher the adjusted value, the lower the fair value.
– Income certificates with variable interests	Level 3	<ul style="list-style-type: none"> The volatility of the underlying equity instrument for options 	<ul style="list-style-type: none"> The higher the volatility of the underlying equity instrument, the higher the fair value.

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For the year ended 31 December 2024

57. Fair Value of Financial Assets and Liabilities – continued

57.2 Financial instruments measured at fair value – continued

Financial instruments in Level 3 – continued

The following table presents the changes in Level 3 instruments for the year ended 31 December 2024 and 2023.

	Financial assets at FVTPL – Collective asset management scheme	Financial assets at FVTPL – Bonds	Financial assets at FVTPL – Asset backed securities	Financial assets at FVTPL – Private equity funds	Financial assets at FVTPL – Unlisted equity investments	Financial assets at FVTPL – Restricted stocks	Financial assets at FVTOCI – Bonds	Derivative financial assets – OTC options	Derivative financial assets – Interest rate & return swaps	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024	83,081	383,570	1,154,947	3,109,689	722,466	90,283	-	1,604,522	133	7,148,691
Fair value changes through profit or loss	13,091	(15,677)	(58,676)	(273,055)	17,188	39,438	-	(920,324)	(133)	(1,198,148)
Fair value changes through other comprehensive income	-	-	-	-	-	-	(14,072)	-	-	(14,072)
Increase	-	84,152	1,147,041	39,683	146,758	953	15,900	-	-	1,434,487
Decrease	(96,172)	(275,642)	(676,398)	(2,855,874)	(24,121)	(114,878)	-	-	-	(4,043,085)
Balance at 31 December 2024	-	176,403	1,566,914	20,443	862,291	15,796	1,828	684,198	-	3,327,873

	Financial assets at FVTPL – Collective asset management scheme	Financial assets at FVTPL – Bonds	Financial assets at FVTPL – Asset backed securities	Financial assets at FVTPL – Private equity funds	Financial assets at FVTPL – Unlisted equity investments	Financial assets at FVTPL – Restricted stocks	Derivative financial assets – OTC options	Derivative financial assets – Interest rate & return swaps	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023	-	258,477	-	5,319,864	399,779	103,991	722,277	28,227	6,832,615
Fair value change through profit or loss	(13,091)	(27,753)	29,769	(154,516)	(4,744)	(28,751)	882,245	(28,094)	655,065
Fair value change through other comprehensive income	-	-	-	-	-	-	-	-	-
Increase	96,172	242,177	1,125,178	444,904	327,431	36,475	-	-	2,272,337
Decrease	-	(89,331)	-	(2,500,563)	-	(21,432)	-	-	(2,611,326)
Balance at 31 December 2023	83,081	383,570	1,154,947	3,109,689	722,466	90,283	1,604,522	133	7,148,691

The group used Level III valuation techniques to value certain financial instruments whose marketability had been significantly changed, and fair value hierarchy of these financial instruments transferred from Level III to Level I.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

57. Fair Value of Financial Assets and Liabilities – continued

57.2 Financial instruments measured at fair value – continued

Financial instruments in Level 3 – continued

For the year ended 31 December 2024, the Group's investments in restricted stocks measured at fair value through profit or loss of RMB66,469 thousand (2023: RMB21,432 thousand) were transferred from Level III to Level I, as the fair values of these securities were determined with the use of quoted prices instead of valuation techniques, due to expiration of lock-up period.

For the year ended 31 December 2024, the Group's investments in collective asset management scheme and private equity funds measured at fair value through profit or loss of RMB83,081 thousand and RMB3,109,689 thousand were transferred from Level III to Level II, as the fair value of these investments were determined with the use of fair values calculated by the investment managers instead of valuation techniques, due to expiration of lock-up period. (2023: There was no transfer between Level III to Level II).

	Financial liabilities at FVTPL – Interest of other holders of consolidated structured entities	Financial liabilities at FVTPL – Income certificates with variable interests	Derivative financial liabilities – OTC options	Derivative financial liabilities – Interest rate & return swaps	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024	75,203	1,087,549	173,905	166	1,336,823
Fair value change through profit or loss	9,250	64,286	(117,739)	(166)	(44,369)
Increase	–	682,178	–	–	682,178
Decrease	(27,661)	(1,056,137)	–	–	(1,083,798)
Balance at 31 December 2024	56,792	777,876	56,166	–	890,834

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

57. Fair Value of Financial Assets and Liabilities – continued

57.2 Financial instruments measured at fair value – continued

Financial instruments in Level 3 – continued

	Financial liabilities at FVTPL – Interest of other holders of consolidated structured entities RMB'000	Financial liabilities at FVTPL – Income certificates with variable interests RMB'000	Derivative financial liabilities – OTC options RMB'000	Derivative financial liabilities – Interest rate & return swaps RMB'000	Total RMB'000
Balance at 1 January 2023	48,860	1,530,121	22,002	92,560	1,693,543
Fair value change through profit or loss	(1,600)	42,358	151,903	(92,394)	100,267
Increase	27,943	815,567	–	–	843,510
Decrease	–	(1,300,497)	–	–	(1,300,497)
Balance at 31 December 2023	75,203	1,087,549	173,905	166	1,336,823

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

58. Offsetting Financial Assets and Financial Liabilities

Financial assets subjects to offsetting, enforceable master netting agreements:

As at 31 December 2024					Net amount of financial assets/ (liabilities) presented in the statements of financial position
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities	Net amounts of financial assets/ (liabilities)	Less: Cash paid as settlement	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Derivative financial instruments	30,976	(218,167)	(187,191)	(187,191)	–

As at 31 December 2023					Net amount of financial assets/ (liabilities) presented in the statements of financial position
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities	Net amounts of financial assets/ (liabilities)	Less: Cash paid as settlement	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Derivative financial instruments	1,061	(100,813)	(99,752)	(99,752)	–

The Group has entered into master netting arrangements with counterparties for the future contracts and also with clearing house for un-settled trades. As at years ended 31 December 2024 and 2023, there is no outstanding future contracts held by the Group.

Except for the enforceable master netting arrangements and the offset-right of the financial assets under the similar agreements disclosed above, the collateral of which, such as financial assets held under resale agreement, financial assets sold under repurchase agreements, margin accounts receivable and etc., are disclosed in the corresponding notes, which are generally not on the net basis in financial position.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

59. Unconsolidated Structured Entities

Unconsolidated structured entities of the Group mainly include asset management schemes managed by the Group, asset management schemes, investment funds, wealth management products, private equity funds and etc. which the Group invests in but does not act as a manager.

Except for the structured entities that the Group has consolidated, in the opinion of the directors of the Company, the variable returns the Group exposed to the structured entities that the Group has interests in are not significant. The Group did not consider itself being the principal and consequently did not consolidate these structured entities.

The total assets of unconsolidated structured entities managed by the Group amounted to RMB344,576 million as at 31 December 2024 (31 December 2023: RMB268,680 million).

As at 31 December 2024 and 2023, the interests in unconsolidated structured entities held by the Group which are classified as financial assets at FVTPL included asset management schemes, wealth management products, investment funds, trust schemes, private equity fund, asset backed securities and limited partnership.

The related carrying amounts and the maximum exposure of interests in unconsolidated structured entities managed by the Group classified as financial assets at FVTPL were as follows:

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Asset management schemes	10,011	14,227
Investment funds	600,092	305,859
Limited partnerships	693,239	554,538
Total	1,303,342	874,624

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

59. Unconsolidated Structured Entities – continued

The related carrying amounts and the maximum exposure of interests in unconsolidated structured entities for which the Group did not act as the investment manager were as follows:

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Investment funds	3,893,643	4,443,476
Wealth management products	1,990,107	730,676
Asset management products	1,080,205	424,667
Asset backed securities	1,947,034	1,419,047
Private equity funds	883,023	4,507,795
Trust schemes	873,990	893,790
	10,668,002	12,419,451

For the years ended 31 December 2024 and 2023, the income from these unconsolidated structured entities held and/or managed by the Group was as follows:

	2024	2023
	RMB'000	RMB'000
Net investment gains	506,960	153,816
Fee and commission income	660,195	443,126
	1,167,155	596,942

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

60. Acquisition of Subsidiaries

On 14 February 2023, the Company entered into the Equity Transfer Agreement Regarding ZhongRong Fund Management Company Limited (《關於中融基金管理有限公司的股權轉讓協議》) with Shanghai Rongsheng Investment Co., Ltd. (hereinafter referred to as “Shanghai Rongsheng”) to acquire 24.5% of the 49.0% equity interests in ZhongRong Fund held by Shanghai Rongsheng at a price of RMB722,408,544. On 16 February 2023, the Company acquired the 51% equity interests in ZhongRong Fund held by Zhongrong International Trust Co., Ltd. (中融國際信託有限公司) (hereinafter referred to as “Zhongrong Trust”) through bidding. The bidding transaction price is RMB1,503,789,213. The Company signed the Property Rights Transaction Contract (《產權交易合同》) and the Supplementary Contract to the Property Rights Transaction Contract (《產權交易合同之補充合同》) with Zhongrong Trust. The equity transfer of the above transactions have been completed and the registration of industrial and commercial changes was completed in May 2023. In August 2023, ZhongRong Fund has been renamed as Guolian Fund, in which the Company holds 75.5% equity interest.

The Company acquired Guolian Fund in order to acquire a public offering fund licence to capture the strategic industry development opportunities, deepen the transformation of wealth management, and improve the ability of comprehensive financial services. The acquisition has been accounted for as acquisition of business using the acquisition method and Guolian Fund became a subsidiary of the Company subsequently. Guolian Fund is principally engaged in fund business.

60.1 Consideration transferred

RMB'000	
Cash	2,226,198

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

60. Acquisition of Subsidiaries – continued

60.2 Assets acquired and liabilities

	RMB'000
Cash and bank balances	452,890
Financial assets at fair value through profit or loss	599,043
Property and equipment	9,632
Intangible assets (Note)	491,532
Right-of-use assets	62,612
Deferred tax assets	4,617
Other assets	60,295
Financial liabilities at fair value through profit or loss	371
Accrued staff costs	49,384
Income tax payable	5,565
Lease liabilities	61,690
Other liabilities	7,599
Deferred tax liabilities	120,757
Net assets	1,435,255

Note: The intangible assets acquired through the acquisition mainly includes customer relationships amounted to RMB466,294 thousand.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

60. Acquisition of Subsidiaries – continued

60.3 Non-controlling interests

Non-controlling interests in Guolian Fund recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Guolian Fund and amounted to RMB351,636 thousand.

60.4 Goodwill arising on acquisition

	RMB'000
Consideration transferred	2,226,198
Plus: non-controlling interests (24.5% in Guolian Fund)	351,636
Less: recognised amounts of net assets acquired	1,435,255
Goodwill	1,142,579

Goodwill arose on the acquisition of Guolian Fund because the acquisition included the assembled workforce of Guolian Fund and some potential contracts which are still under negotiation with prospective new customers as at the date of acquisition. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

60.5 Net cash outflow on acquisition of subsidiaries

	RMB'000
Consideration paid in cash	2,226,198
Less: cash and cash equivalents acquired	13,437
	2,212,761

60.6 Impact of acquisition on the results of the Group

From the acquisition date to the year ended 31 December 2023, Guolian Fund achieved an revenue of RMB238,875 thousand and a net profit of RMB30,294 thousand. Considering the impact of identifiable assets and liabilities on the date of acquisition, the Group's financial results included revenue generated by Guolian Fund amounted to RMB238,875 thousand and net profit amounted to RMB13,186 thousand.

61. Subsequent Events

(a) Acquisition of Minsheng Securities Co., Ltd.

References are made to the announcements of the Company dated 25 April 2024, 14 May 2024, 8 August 2024, 17 December 2024 and 27 December 2024 respectively, and the circular dated 20 August 2024 in relation to, among other things, the very substantial acquisition and connected transaction in respect of the proposed acquisition of 99.26% shares of the Minsheng Securities Co., Ltd. by issuing A Shares by the Company and raising supporting funds.

On 6 January 2025, the registration with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited for the new A Shares in respect of the acquisition of the Minsheng Securities Co., Ltd. by issuing shares has been completed. The Company was in the process of evaluating related financial impacts.

(b) Change registered capital

On January 13, 2025, the Company held the 21st meeting of the 5th Board of Directors, during which it reviewed and approved proposals including the “Proposal on the Authorisation for the Company’s Issuance of Stocks to Specific Targets” to issue A-Shares to specific entities. The final raised funds from this issuance amounted to RMB2 billion, with a total of 208,550,573 shares issued. The registration of the newly issued shares related to this fundraising was completed on March 10, 2025, at the Shanghai Branch of China Securities Depository and Clearing Co., Ltd.

(c) Debt issuance issues

On March 6, 2025, the Company completed the issuance of Guolian Minsheng Securities Company Limited’s 2025 public issuance of corporate bonds (first phase) to professional investors, with an issuance scale of RMB1.5 billion, a coupon rate of 2.13%, and a term of 3 years.

(d) Profit distribution

According to the profit distribution plan approved at the 23rd meeting of the 5th Board of Directors on March 26, 2025, the company will distribute a cash dividend of 0.56 yuan (before tax) for every 10 shares to all shareholders, based on the existing share capital of 5,680,592,806 shares. The total dividend amount will be RMB318,113 thousand. This profit distribution plan will be executed after being approved by the company’s annual general meeting for 2024.

Notes to the Consolidated Financial Statements

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62. Statement of Financial Position and Equity Movement of the Company

Statement of financial position of the Company

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Assets		
Non-current assets		
Property and equipment	90,871	91,686
Right-of-use assets	160,981	138,238
Intangible assets	65,285	71,588
Investments in subsidiaries	4,187,629	4,187,629
Investments in consolidated structured entities	3,561,000	3,561,000
Investment in associates	77,370	75,780
Other-non-current assets	702,841	1,605,867
Financial assets held under resale agreements	–	200,336
Financial assets at fair value through profit or loss	81,805	498,801
Equity instruments at fair value through other comprehensive income	5,200,853	3,600,396
Derivative financial assets	492,501	1,503,130
Debt instruments at fair value through other comprehensive income	3,178,389	4,598,052
Refundable deposits	367,867	461,304
Construction in process	13,825	8,843
Total non-current assets	18,181,217	20,602,650
Current assets		
Other current assets	2,052,507	2,437,669
Margin accounts receivable	11,551,337	10,126,663
Financial assets held under resale agreement	10,473,607	5,095,174
Debt instruments at fair value through other comprehensive income	2,382,647	2,485,305
Financial assets at fair value through profit or loss	31,022,305	31,991,591
Derivative financial assets	429,953	244,113
Clearing settlement funds	5,216,128	3,973,850
Cash held for brokerage clients	10,830,746	6,648,492
Cash and bank balances	2,997,623	1,966,339
Total current assets	76,956,853	64,969,196
Total assets	95,138,070	85,571,846

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

62. Statement of Financial Position and Equity Movement of the Company – continued

Statement of financial position of the Company – continued

	2024/12/31	2023/12/31
	RMB'000	RMB'000
Equity and liabilities		
Share capital	2,831,773	2,831,773
Share premium	8,169,041	8,169,041
Reserves	3,956,506	3,081,059
Retained earnings	3,132,881	3,362,601
Total equity	18,090,201	17,444,474
Liabilities		
Non-current liabilities		
Bond in issue	18,787,789	16,025,000
Other non-current liabilities	5,333,240	8,754,770
Lease liabilities	88,422	72,327
Derivative financial liabilities	66,654	161,577
Financial liabilities at fair value through profit or loss	14,245	23,704
Deferred tax liabilities	480,942	449,663
Total non-current liabilities	24,771,292	25,487,041
Current liabilities		
Other current liabilities	3,780,837	3,301,952
Bonds in issue	6,001,782	9,272,753
Lease liabilities	68,558	66,796
Contract liabilities	–	6,019
Due to financial institutions	9,972,283	5,314,014
Derivative financial liabilities	295,338	286,066
Accounts payable to brokerage clients	14,298,745	9,044,180
Financial assets sold under repurchase agreements	17,095,402	14,284,706
Financial liabilities at fair value through profit or loss	763,632	1,063,845
Total current liabilities	52,276,577	42,640,331
Total liabilities	77,047,869	68,127,372
Total equity and liabilities	95,138,070	85,571,846

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

62. Statement of Financial Position and Equity Movement of the Company – continued

Statement of changes in equity of the Company

	Share capital	Share premium	Surplus reserve	General reserve	Revaluation reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024	2,831,773	8,169,041	822,080	1,934,458	324,521	3,362,601	17,444,474
Profit for the year	-	-	-	-	-	249,997	249,997
Other comprehensive income for the year	-	-	-	-	816,412	-	816,412
Total comprehensive income for the year	-	-	-	-	816,412	249,997	1,066,409
Dividend paid	-	-	-	-	-	(402,112)	(402,112)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	722	(722)	-
Appropriation to surplus reserve	-	-	25,000	-	-	(25,000)	-
Appropriation to general reserve	-	-	-	51,883	-	(51,883)	-
Other	-	-	-	(18,570)	-	-	(18,570)
Balance at 31 December 2024	2,831,773	8,169,041	847,080	1,967,771	1,141,655	3,132,881	18,090,201
Balance at 1 January 2023	2,831,773	8,169,041	793,323	1,811,705	(20,377)	2,968,450	16,523,915
Profit for the year	-	-	-	-	-	587,568	587,568
Other comprehensive income for the year	-	-	-	-	332,991	-	332,991
Total comprehensive income for the year	-	-	-	-	332,991	587,568	920,559
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	11,907	(11,907)	-
Appropriation to surplus reserve	-	-	58,757	-	-	(58,757)	-
Appropriation to general reserve	-	-	-	122,753	-	(122,753)	-
Balance at 31 December 2023	2,831,773	8,169,041	822,080	1,934,458	324,521	3,362,601	17,444,474